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REVISED  
Audit Committee

**Date:** December 7, 2020  
**Time:** 9:30 AM  
**Location:** Online Video Conference

**Members**

|                           |                |
|---------------------------|----------------|
| Mayor Bonnie Crombie      |                |
| Councillor Stephen Dasko  | Ward 1         |
| Councillor Karen Ras      | Ward 2         |
| Councillor Ron Starr      | Ward 6 (Chair) |
| Councillor Dipika Damerla | Ward 7         |

**Participate Virtually**

Advance registration is required to participate and/or to make comments in the virtual public meeting. Any member of the public interested in speaking to an item listed on the agenda must register at [allyson.dovidio@mississauga.ca](mailto:allyson.dovidio@mississauga.ca) by **Thursday, December 3, 2020 before 4:00 PM.**

Residents without access to the internet, via computer, smartphone or tablet, can participate and/or make comment in the meeting via telephone. To register, please call Allyson D'Ovidio 905-615-3200 ext 8587 no later than **Thursday, December 3, 2020 before 4:00 PM.**

Comments submitted will be considered as public information and entered into public record.

**Contact**

Allyson D'Ovidio, Legislative Coordinator, Legislative Services  
905-615-3200 ext. 8587  
[allyson.dovidio@mississauga.ca](mailto:allyson.dovidio@mississauga.ca)

Find it online:

<https://www.mississauga.ca/council/council-activities/council-and-committee-videos/>

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1. **CALL TO ORDER**

2. **APPROVAL OF AGENDA**

3. **DECLARATION OF CONFLICT OF INTEREST**

4. **MINUTES OF PREVIOUS MEETING**

4.1. REVISED Audit Committee Minutes - September 21, 2020

5. **PRESENTATIONS - Nil**

6. **DEPUTATIONS**

6.1. Item 9.1. Kevin Travers, Partner, KPMG LLP

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

Advance registration is required to participate or to make comments in the virtual public meeting.

Any member of the public interested in speaking to an item listed on the agenda must register at [allyson.dovidio@mississauga.ca](mailto:allyson.dovidio@mississauga.ca) by Thursday, December 3, 2020 before 4:00 PM

8. **CONSENT AGENDA**

9. **MATTERS TO BE CONSIDERED**

9.1. 2020 Audit Plan

9.2. Final Audit Reports:

1. Transportation & Works Department, Traffic Management & Municipal Parking Division, Municipal Parking Section – Paid Parking Audit
2. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section – Signs and Pavement Markings Audit

10. **INFORMATION ITEMS**

10.1. 2021 Audit Committee Meeting Dates Memo

10.2. 2021 Audit Committee Chair Duty Memo

11. **OTHER BUSINESS**

12. **DATE OF NEXT MEETING**

Monday, March 1, 2021

13. **ADJOURNMENT**

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## REVISED

### Audit Committee

**Date:** September 21, 2020  
**Time:** 9:30 AM  
**Location:** Council Chambers, Civic Centre, 2nd Floor  
300 City Centre Drive, Mississauga, Ontario, L5B 3C1  
And Online Video Conference

Members

|                           |                |
|---------------------------|----------------|
| Mayor Bonnie Crombie      |                |
| Councillor Stephen Dasko  | Ward 1         |
| Councillor Karen Ras      | Ward 2         |
| Councillor Ron Starr      | Ward 6 (Chair) |
| Councillor Dipika Damerla | Ward 7         |

#### Staff Present

Paul Mitcham, City Manager and Chief Administrative Officer  
Shari Lichterman, Commissioner, Community Services  
Geoff Wright, Commissioner, Transportation & Works  
Gary Kent, Commissioner of Corporate Services and Chief Financial Officer  
Jeff Jackson, Director, Finance and Treasurer  
Wesley Anderson, Manager, Financial and Treasury Services  
Luis Souza, Director, Internal Audit  
Mark Beauparlant, Senior Auditor, Internal Audit  
Vandana Waghela, Internal Auditor, Internal Audit  
Barbara Webster, Senior Internal Auditor, Internal Audit  
Erica Edwards, Manager, Material Management, External Services  
Connie Mesih, Director, Revenue and Material Management  
Sacha Smith, Manager, Legislative Services and Deputy Clerk  
Allyson D'Ovidio, Legislative Coordinator, Legislative Services

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1. **CALL TO ORDER**
2. **APPROVAL OF AGENDA**
3. **DECLARATION OF CONFLICT OF INTEREST**

Nil

4. **MINUTES OF PREVIOUS MEETING**

- 4.1 **Audit Committee Draft Minutes - May 11, 2020**

**RECOMMENDATION**

Moved By Councillor Ras

Approved

5. **PRESENTATIONS - Nil**

6. **DEPUTATIONS - Nil**

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

Nil

8. **MATTERS CONSIDERED**

- 8.1 **Final Audit Reports:**

1. Transportation & Works Department, MiWay Transit Division, Transit Revenue Section – Presto Card Revenue Audit
2. Community Services Department, Fire & Emergency Services Division, Capital Assets Section – Fire Fleet Acquisition Audit

Mark Beauparlant, Senior Internal Auditor gave a presentation on the Transportation & Works Department, MiWay Transit Division, Transit Revenue Section – Presto Card Revenue Audit. Mr. Beauparlant provided background information on the audit including the scope, objectives and statistics regarding annual revenue. Mr. Beauparlant spoke to a total of 13 recommendations resulting from this audit; the observations, root causes and risks. Management has agreed to all the recommendations, one (1) has been completed, two (2) are targeted for completion by end of December 2020, three (3) are targeted for completion by end of March 2021, four (4) are targeted for completion by end of June 2021 and three (3) are targeted for completion by end of December 2021.

Members of the Audit Committee made enquiries with respect to the following:

- Administrative Gaps;
- Ambassador card distribution and pre-loading procedure;
- Fare billing;

- Ridership and rates;
- Presto card usage; sales locations and reloading
- Accounting

In response to enquiries, Geoff Marinoff, Director, Transit and Gary Kent, Commissioner, Corporate Services and Chief Financial Officer spoke to future plans to review a position in Transit that will require Finance experience to manage the administrative gaps and noted in the interim, a Chartered Professional Accountant has been seconded to the Transit division to assist in identifying issues and preventing future concerns. Luis Souza, Director, Internal Audit noted the recommendation is high level that Finance and Transit look at the process and determine the needs. Direction was given to staff to add a timeline in the recommendation.

In response to Mayor Crombie, Mr. Kent and Jeff Jackson, Director, Finance and Treasurer spoke to the job requirements and working on making the determination of responsibilities, the job may ultimately be a clerical position with support from Corporate Finance. Mr. Jackson spoke to solutions for eliminating recent errors. Mr. Kent spoke to changes resulting from the new Presto Card system. Mr. Souza spoke to the process of reviewing outstanding recommendations, noting they are monitored every 6 months.

In response to Councillor Starr, Mr. Marinoff spoke to the process through Metrolinx for loading funds onto Presto cards and noted the City of Mississauga does not receive funds until cards are used on buses. Mr. Marinoff provided an explanation regarding HST charges and noted it is only applicable to reloadable cards, not on fares.

Vandana Waghela, Internal Auditor presented on the Mississauga Fire and Emergency Services Fire Fleet Acquisition Audit. Ms. Waghela provided background information and spoke to the findings noting a total of 21 recommendations resulted from this audit. Management has agreed to all the recommendations. Seven (7) will be completed by end of December 2020, twelve (12) will be completed by end of March 2021, one (1) will be completed by end of June 2021, and one (1) will be completed by end of December 2021.

In response to Councillor Ras, Fire Chief Tim Becket spoke to the rationale and explanations behind the costs of new fleet. Mr. Souza spoke the procurement process and noted Mr. Kent along with Audit staff will be reviewing the process in the future. Mr. Kent spoke to the process for purchasing U.S. funds in advance of a purchase in an effort to prevent extra cost. Mr. Jackson spoke to this purchase being made quickly which did not allow time to purchase U.S. funds in advance.

In response to Councillor Damerla, Chief Beckett provided a rationale for the advanced payment of the new fleet prior to delivery. Councillor Damerla enquired if Audit recommends that the practice should continue in the future. Mr. Souza advised that ideally Audit does not recommend advance payments but there may be exceptional situations where it could be reasonable, as long as there is a documented analysis

approved by the Leadership Team. Mr. Kent spoke to a future report and amending By-law coming to Council regarding procurement, which will include a clause on prepayment. In response to Mayor Crombie, Mr. Jackson spoke to interest rates and risk.

In response to Councillor Starr, Chief Beckett spoke to the rationale behind procuring custom built trucks. Chief Beckett will follow up with the Committee regarding the penalty clause. Erica Edwards, Manager, Material Management, External Services spoke to penalty clauses being unique from contract to contract, dependant on risk and worked out with Legal Services. In response to Councillor Starr, Mr. Jackson spoke to changes to the procurement policy to include provisions on investments.

RECOMMENDATION AC-0007-2020

Moved By Councillor Dasko

That the report dated September 8, 2020 from the Director, Internal Audit with respect to final audit reports:

1. Transportation & Works Department, MiWay Transit Division, Transit Revenue Section – Presto Card Revenue Audit; and,
2. Community Services Department, Fire & Emergency Services Division, Capital Assets Section – Fire Fleet Acquisition Audit be received for information.

YES (5): Mayor Crombie, Councillor Dasko, Councillor Ras, Councillor R. Starr, and Councillor Damerla

Carried (5 to 0)

8.2 Status of Outstanding Audit Recommendations as of June 30, 2020

No discussion took place.

RECOMMENDATION AC-0008-2020

Moved By Councillor Damerla

That the Corporate Report dated September 8, 2020 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of June 30, 2020 be received for information.

YES (5): Mayor Crombie, Councillor Dasko, Councillor Ras, Councillor R. Starr, and Councillor Damerla

Carried (5 to 0)

9. INFORMATION ITEMS – Nil

10. **OTHER BUSINESS**

Nil.

11. **DATE OF NEXT MEETING**

December 7, 2020

12. **ADJOURNMENT**

10:42 AM (Councillor K. Ras)

DRAFT

City of Mississauga  
**Corporate Report**



|   |   |
|---|---|
| <p>Date: November 20, 2020</p> <p>To: Chair and Members of Audit Committee</p>                          | <p>Originator's files:</p>                |
| <p>From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer</p> | <p>Meeting date:<br/>December 7, 2020</p> |

## Subject

**2020 Audit Plan**

## Recommendation

1. That the report dated November 20, 2020 from the Commissioner of Corporate Services and Chief Financial Officer titled "2020 Audit Plan", be received for information
2. That the Audit Committee Chair, Commissioner of Corporate Services and Chief Financial Officer and Director of Finance and Treasurer be authorized to execute the Audit Engagement Letter for the fiscal year 2020.

## Report Highlights

- The Audit Planning Report informs Audit Committee and City management of the audit procedures to be performed by KPMG in discharging its audit responsibilities for the City's 2020 external audit.
- The Audit Engagement Letter sets out the responsibilities of Audit Committee, management, City staff and KPMG.
- The Audit Engagement Letter must be approved by Audit Committee and executed.

## Background

Under the Audit Committee Charter (By-law 0321-2020), the Committee is responsible for reviewing the terms of the engagement, fees and scope 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, in accordance with the City's Purchasing By-law 374-06. KPMG has been providing the City with statutory audit services to the City of Mississauga since 1994, and were awarded the current contract in 2015 after a competitive procurement.



## Comments

### Engagement Letter

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. Appendix 1 contains the Audit Engagement letter, which must be approved by Audit Committee and executed.

The 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. The audit plan focuses on the following items but 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

Beginning this year, the City will be producing separate financial statements for Tourism Mississauga. These, along with financial statements for the recently established Cooksville Business Improvement Area, will be included in the City's consolidated financial statements.

Appendix 2 contains the Audit Planning Report for the 2020 external audit.

## Financial Impact

There are no financial impacts resulting from the recommendations in this report. The total fees being paid to KPMG for the 2020 audit for the City of Mississauga, the Mississauga Library Board, Trust Funds, and Tourism Mississauga is \$138,470 before taxes. The audit fees for the five Business Improvement Areas (Streetsville, Port Credit, Clarkson, Malton and Cooksville) are billed directly by KPMG.

In addition to the audited consolidated financial statements, KPMG may provide special purpose audits that are not included in the City's statutory audit fees. These special purpose audits and reports are required for various federal and provincial government funding initiatives. Fees for any other services, such as special purpose reports, will be billed separately from the services described in the engagement letter.

## Conclusion

Finance staff supports the recommendations, approach and schedule outlined in the 2020 Audit Planning Report. The audit objectives described in the 2020 Audit Planning Report have been set, and will be applied during the upcoming annual audit.

## Attachments

Appendix 1: 2020 Audit Engagement Letter

Appendix 2: 2020 Audit Planning Report



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Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Wesley Anderson, Manager, Financial & Treasury Services



KPMG LLP  
 Vaughan Metropolitan Centre  
 100 New Park Place, Suite 1400  
 Vaughan, ON L4K 0J3  
 Canada  
 Telephone (905) 265-5900  
 Telefax (905) 265-6390

Councillor Ron Starr  
 Chair, Audit Committee  
 The Corporation of the City of  
 Mississauga  
 300 City Centre Drive  
 Mississauga, ON L5B 3C1

Mr. Gary Kent  
 Commissioner of Corporate Services  
 and Chief Financial Officer  
 The Corporation of the City of  
 Mississauga  
 300 City Centre Drive  
 Mississauga, ON L5B 3C1

Mr. Jeffrey J. Jackson  
 Director, Finance and Treasurer  
 The Corporation of the City of  
 Mississauga  
 300 City Centre Drive  
 Mississauga, ON L5B 3C1

November 9, 2020

Dear Councillor Starr, Mr. Kent and Mr. Jackson

The purpose of this letter is to outline the terms of our engagement to audit the financial statements (“financial statements” or “annual financial statements”) of the following entities, commencing for the period ending December 31, 2020:

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 – including for the period ended December 31, 2019
  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
- (collectively, “the Entities”).



This letter supersedes our previous letters to the Entity.

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

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

### ***Management's Responsibilities***

Management responsibilities are described in [Appendix – Management's Responsibilities](#).

An audit 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.

### ***Auditor's Deliverables***

The auditors' reports will be in writing and the expected content of our auditors' reports is 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 financial statements after we have issued our audit report, but which was not known to us at the date of our audit 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 audit, 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 audit 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 audit report would have been affected if the information had been known as of the date of our audit report; and (b) we believe that the audit 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 financial statements.

Our deliverables regarding income tax compliance and advisory services are described in [Appendix – Income Tax Compliance and Advisory Services](#).



### ***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 auditors’ 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 auditors’ report thereon
- an annual report’s purpose is to provide owners (or similar stakeholders) with information on the Entity’s:
  - 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 “2020 Financial Report”
- The document likely to be entitled “2020 Financial Report Highlights”

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

### ***Fees***

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



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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,

*KPMG LLP*

Kevin Travers, 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.  
416-228-7004

Enclosure  
cc: Audit Committee

\*\*\*\*\*

The terms of the engagement set out are as agreed:

The Corporation of the City of Mississauga

Councillor Ron Starr  
Chair, Audit Committee \_\_\_\_\_

Date (dd/mm/yy) \_\_\_\_\_

Mr. Gary Kent  
Commissioner of Corporate Services  
and Chief Financial Officer \_\_\_\_\_

Date (dd/mm/yy) \_\_\_\_\_

Mr. Jeffrey J. Jackson  
Director, Finance and Treasurer \_\_\_\_\_

Date (dd/mm/yy) \_\_\_\_\_



## **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 City Council, and committees of City Council 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***

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity's annual 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 annual financial statements

We will conduct the audit of the Entity's annual 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 annual 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 annual 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 annual 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 City Council. 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, 2020
- 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, 2020, 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 a 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 to the Corporation of the City of Mississauga (“the Entity”) and its related entities (“the Entities”) for the 2020 taxation year 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.

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.



### **Appendix – Fees for Professional Services**

The Entities and KPMG agree to the following fee schedule for services provided in 2020:

|  |           |
|--|-----------|
| Corporation of the City of Mississauga – consolidated  | \$116,400 |
| Mississauga Public Library Board                       | \$9,440   |
| Trust Funds of the City of Mississauga                 | \$3,190   |
| Tourism Mississauga                                    | \$9,440   |
| Clarkson Business Improvement Association              | \$1,200   |
| Port Credit Business Improvement Area                  | \$2,620   |
| Streetsville Business Improvement District Association | \$1,200   |
| Malton Business Improvement Area                       | \$1,200   |
| Cooksville Business Improvement Area                   | \$2,620   |

Our fees will be billed as the work progresses.

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, the Entities and KPMG agree to revise the estimated fee. No significant additional work will proceed without management's concurrence, and, if applicable, without the concurrence of those charged with governance. Upon completion of these services, KPMG will review with the Entities any fees and expenses incurred in excess of KPMG's estimate, following which KPMG will render the final billing.



### **Appendix – COVID-19 Rider**

1. During the engagement, each party shall keep the other party reasonably informed of any events which:
  - i. relate to the notifying party and the COVID-19 situation;
  - ii. are not existing or reasonably foreseeable at the date of this agreement; and
  - iii. will materially and adversely affect the notifying party's ability to perform its obligations under the engagement.
  
2. Each party will implement mitigation measures to enable the Services to be performed so far as reasonably practicable in the circumstances, including:
  - i. reducing travel (particularly international travel) and in-person meetings to the minimum necessary level;
  - ii. at the party's premises, implementing such infection control procedures as are recommended or required by official bodies in the applicable location;
  - iii. implementing internal corporate policies which permit and encourage individual remote working, and technical systems to enable individual remote working; and
  - iv. implementing telepresence, audio conference, videoconference, and other systems for collaborative working.
  
3. If, as a result of the global COVID-19 virus situation, performance by a party of its obligations under the engagement are rendered impossible or impracticable, the time for performance of such obligations shall be extended by such period as is reasonable in the circumstances, PROVIDED THAT the party in question is complying, and continues to comply, with its obligations pursuant to paragraphs 1 and 2 above.

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. Amounts overdue are subject to interest. 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](http://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 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.

**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.

## 1. TERMS AND CONDITIONS.

a. These Terms and Conditions are an integral part of the accompanying Proposal or Engagement Letter from KPMG that identifies the engagement to which they relate.

b. In the event of conflict between the Proposal or 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 Proposal or Engagement Letter. Other capitalized words in these Terms and Conditions shall have the meanings given to them in the Proposal or Engagement Letter.

## 2. SERVICES.

KPMG will use reasonable efforts to complete the performance of the services within any agreed-upon time-frame. It is understood and agreed that KPMG's services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. KPMG will not perform management functions or make management decisions for Client. Nothing in these Terms and Conditions or Engagement Letter (or Proposal) shall be construed as precluding or limiting in any way the right of KPMG to provide services of any kind or nature whatsoever to any person or entity as KPMG in its sole discretion deems appropriate.

## 3. CLIENT RESPONSIBILITIES.

a. Client agrees to cooperate with KPMG in the performance of the services under the Engagement Letter and shall provide or arrange to provide KPMG with timely access to and use of the personnel, facilities, equipment, data and information necessary for KPMG to perform the services under the Engagement Letter. To the extent that KPMG personnel are on Client premises, Client will take all reasonable precautions for the safety of KPMG partners and employees at Client premises. Client shall be responsible for the performance of its employees and agents and for the accuracy and completeness of all data and information provided to KPMG for purposes of the performance by KPMG of its services hereunder. The Proposal or Engagement Letter may set forth additional responsibilities of Client in connection with the engagement. Client acknowledges that Client's failure to perform these obligations could adversely impact KPMG's ability to perform its services.

b. Client agrees that 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 under the Engagement Letter, 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.

c. Client acknowledges and agrees that KPMG will, in performing the services, base its conclusions on the facts and assumptions that Client furnishes and that KPMG may use data, material, and other information furnished by or at the request or direction of Client without any independent investigation or verification and that KPMG shall be entitled to rely upon the accuracy and completeness of such data, material and other information. Inaccuracy or incompleteness of such data, material and other information furnished to KPMG could have a material effect on KPMG's conclusions.

d. Client acknowledges that information made available by it, or by others on Client's behalf, or otherwise known to partners or staff of KPMG who are not engaged in the provision of the services hereunder shall not be deemed to have been made available to the individuals within KPMG who are engaged in the provision of the services hereunder. Client undertakes that, if anything occurs after information is provided by Client to KPMG to render such information untrue, unfair or misleading, Client shall promptly notify KPMG.

## 4. REPORTING.

a. All oral and written communications by KPMG to Client with respect to the engagement, including, without limitation, drafts and those communications occurring prior to the execution of the Engagement Letter will be subject to the terms and conditions of the Engagement Letter and these Terms and Conditions. During the performance of the services, KPMG may supply oral, draft or interim advice, reports or presentations but in such circumstances KPMG's written advice or final written report shall take precedence. No reliance should be placed by Client on any oral, draft or

interim advice, reports or presentations. Where Client wishes to rely on oral advice or oral presentation, Client shall inform KPMG and KPMG will provide documentary confirmation of the advice concerned.

b. Subsequent to the completion of the engagement, KPMG will not update its advice, recommendations or work product for changes or modification to the law and regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions, unless Client separately engages KPMG to do so in writing after such changes or modifications, interpretations, events or transactions occur.

## 5. WORKING PAPERS AND USE OF REPORTS; USE OF NAME AND LOGO

a. KPMG retains all rights in all methodologies, know-how, knowledge, applications and software developed by KPMG either prior to or during the engagement. KPMG also retains all rights (including, without limitation, copyright) in all reports, written advice and other working papers and materials developed by KPMG during the engagement. Unless contemplated by the Engagement Letter, all reports and written advice are confidential and intended solely for Client's internal use (or the use of Client's management, as applicable) to assist with this specific matter or transaction, and, where applicable, government taxation authorities, and are not for general use, circulation or publication. Such reports and written advice shall not be edited, referred to, circulated, reproduced, distributed, published, made available, used for any other purpose or relied upon by any other person without KPMG's express written permission and on such terms and conditions as KPMG may require in its sole discretion. If such permission is given, Client shall not publish any extract or excerpt of KPMG's written advice or report or refer to KPMG without providing the entire advice or report at the same time. Notwithstanding the foregoing, Client may disclose in whole any report or written advice given to Client by KPMG hereunder solely to Client's legal and professional advisors for the purposes of Client seeking advice in respect of the transaction or matter to which the engagement relates, provided that when doing so Client informs such advisors that: (i) disclosure by them (except as permitted herein) is not permitted without KPMG's prior written consent; and (ii) KPMG accepts no responsibility or liability to such advisors in connection with such reports or written advice. Subject to the restrictions of Section 6, KPMG is entitled to use or develop the knowledge, experience and skills of general application gained through performing the engagement.

b. Client shall not refer to KPMG or use KPMG's name or logo in any manner or medium without the prior written permission of KPMG in each instance, which permission may be unreasonably withheld by KPMG.

c. The contents of this Section 5 may be reproduced in any report or written advice of KPMG, in whole or in part, at KPMG's sole discretion. Any failure of KPMG to include any such language shall not derogate from the obligations set out in this Section 5.

## 6. CONFIDENTIALITY.

a. Except as described in Section 5 above, Client will treat in confidence any information provided by KPMG to Client, including but not limited to KPMG methodologies, know-how, knowledge, application or software, and will not use or disclose any such confidential information of KPMG to others.

b. Except as expressly set forth herein, KPMG will treat as confidential all proprietary information and personal information obtained from Client in the course of the engagement.

c. The restrictions in subsections 6 (a) and (b) above shall not apply to any information that: (i) is required by law or professional standards applicable to KPMG to be disclosed; (ii) that is in or hereafter enters the public domain; (iii) that is or hereafter becomes known to Client or KPMG, as the case may be, without breach of any confidentiality obligation; or (iv) that is independently developed by KPMG.

d. KPMG shall be entitled to include a description of the services rendered in the course of the engagement in marketing and research materials and disclose such information to third parties, provided that all such information will be rendered anonymous and not subject to association with Client.

e. KPMG shall be entitled to share all information with all other member firms of KPMG International Cooperative ("KPMG International"). KPMG may also use such information to offer services that may be of interest to Client. KPMG may retain and may disclose to other KPMG International member firms, subject to terms of this Section 6, such information required for compliance with applicable professional standards or internal policies or for quality reviews or to share best practices.

f. Professional standards require KPMG personnel performing any audit or assurance services for clients to discuss or have available to them all information and materials that may affect the audit or assurance engagement. Client authorizes, if Client is or becomes an assurance Client, KPMG personnel performing services under the engagement to make available to the KPMG assurance engagement team and other KPMG personnel, the findings, observations and recommendations from the engagement and agrees that KPMG may use all such findings, observations and recommendations in KPMG's assurance engagement.

g. Except as required by applicable law or regulation, Client shall keep confidential the existence and terms of the Proposal or the Engagement Letter (as applicable) and these Terms and Conditions. Such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission. Further, for purposes of the services described in the Engagement Letter only, the Client 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 Client solely for presentations or reports to the Client or for internal KPMG presentations and intranet sites.

#### 7. PERSONAL INFORMATION CONSENTS AND NOTICES.

Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at [www.kpmg.ca](http://www.kpmg.ca). KPMG may be required to collect, use and disclose personal information about individuals during the course of the engagement. Client represents and warrants that: (i) it will obtain from individuals all consents required by law to permit KPMG to collect, use and disclose all personal information reasonably required in the course of the engagement, and (ii) it has provided notice of KPMG's potential processing of information outside of Canada (as described in Section 8 below) to all individuals whose personal information is disclosed to KPMG.

#### 8. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS.

Personal and/or confidential information collected by KPMG during the course of the engagement may be used, processed and stored outside of Canada by KPMG, KPMG International member firms providing services hereunder, KPMG subsidiaries, affiliates and related parties or third party service providers to provide professional services and administrative, analytical and clerical support and to comply with applicable law, regulations and professional standards. Client also understands and agrees that KPMG aggregates Client's information with information from other sources for the purpose of improving quality and service, and for use in presentations to clients and non-clients, in a form where such information is sufficiently de-identified so as not to be attributable to Client. KPMG represents to Client that each KPMG International member firm; KPMG subsidiary, affiliate and related party and third party service provider providing services hereunder has agreed or shall agree to conditions of confidentiality with respect to Client's information to the same or similar extent as KPMG has agreed pursuant to Section 6. Further, KPMG is responsible to Client for causing such KPMG subsidiaries, affiliates, related parties and third party service providers to comply with such conditions of confidentiality, and KPMG shall be responsible to Client for their failure to comply and failure of each KPMG International member firm providing services hereunder to comply with its obligations of confidentiality owed to KPMG. Any services performed by KPMG subsidiaries, affiliates, related parties and third party service providers shall be performed in accordance with the terms of the Engagement Letter, including Section 6, but KPMG shall remain responsible to Client for the performance of such services and services performed by each KPMG International member firm providing services hereunder. Such personal and/or confidential information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. 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.

#### 9. TAXES/BILLING/EXPENSES/FEES.

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.

b. Bills will be rendered on a regular basis as the engagement progresses. Our professional fees are also subject to a technology and support charge to cover information technology infrastructure costs and administrative support of our client service personnel which are not included in our client service personnel fee. The technology and support fee covers costs such as our 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, such as travel, will be charged separately based on our actual costs. For certainty, Client acknowledges that to the extent a subsidiary, affiliate or related party of KPMG is engaged by KPMG to assist KPMG in providing the services hereunder, Client may receive bills from such subsidiary, affiliate or related party of KPMG for such services. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice.

c. Without limiting its rights or remedies, KPMG shall have the right to halt or terminate entirely its services until payment is received on past due invoices.

d. 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 any Completion Fee shall be payable on closing of the transaction or the completion of financing, regardless of whether KPMG provided further service.

#### 10. 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. 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.**

#### 11. LIMITATION ON LIABILITY.

a. Client agrees that KPMG shall not be liable to Client 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 fees paid by Client to KPMG under the engagement. 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. In the event of a Claim by any third party against KPMG that arises out of or relates to the services performed hereunder, Client 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. 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). In any Claim arising out of the engagement, Client agrees that KPMG's liability will be several and not joint and several. Client 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 11, 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 11 shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

#### 12. LEGAL PROCEEDINGS.

a. Client agrees to notify KPMG promptly of any request received by Client from any court or applicable regulatory authority with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

b. If KPMG is required by law, pursuant to government regulation, subpoena or other legal process to produce documents or personnel as witnesses arising out of the engagement and KPMG is not a party to such proceedings, Client shall reimburse KPMG at standard billing rates for

professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes incurred in responding to such compelled assistance.

c. If Client requests that KPMG produce documents or personnel as witnesses in any proceedings in any way related to the engagement or services provided by KPMG hereunder and KPMG is not a party to such proceedings, KPMG may agree to produce documents or personnel as witnesses on such terms and conditions as KPMG may, in its sole discretion, determine. Without limiting the generality of the foregoing, Client shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes, incurred in responding to such Client requests.

d. Client acknowledges that KPMG may from time to time receive requests or orders from professional, securities or other regulatory, 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 Client, which information and documents may contain confidential information of Client. Except where prohibited by law, KPMG will advise Client of the request or order. Client hereby acknowledges that KPMG will provide these documents and information without further reference to, or authority from Client.

Client must mark any document over which it asserts privilege as "privileged". When such an authority requests access to KPMG's working papers and other work-product relating to Client's affairs, KPMG will, on a reasonable efforts basis, refuse access to any document over which Client has expressly informed KPMG at the time of delivery that the Client asserts privilege (by the Client marking such document as "privileged" as contemplated in the foregoing sentence). Notwithstanding the foregoing, where disclosure of 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 the Client is required for such disclosure, then Client hereby provides its consent.

Where privileged Client documents are disclosed by KPMG as contemplated above, KPMG is directed to advise the authority that Client is permitting disclosure only to the extent required by law and for the limited purpose of the authority's exercise of statutory authority. KPMG is directed to advise the authority that Client does not intend to waive privilege for any other purpose and that Client expects its documents to be held by the authority as privileged and confidential material. For greater certainty, Client and KPMG hereby agree that this acknowledgement (and, if required, consent) does not negate or constitute a waiver of privilege for any purpose and Client expressly relies upon the privilege protections afforded under statute and otherwise under law.

### 13. LIMITATION PERIOD.

No proceeding arising under or relating to the engagement, may be brought by either party more than one year after the cause of action has accrued or in any event not more than five years after completion of the engagement in the case of an advisory services engagement and not more than eight years after completion of the engagement in the case of a tax services engagement, except that a proceeding for non-payment may be brought by KPMG at any time following the date of the last payment due to KPMG hereunder. For purposes of this Section 13, the term KPMG shall include its subsidiaries and associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives.

### 14. TERMINATION.

Unless terminated sooner in accordance with its terms, the engagement shall terminate on the completion of KPMG's services hereunder, which completion shall be evidenced by the delivery by KPMG to Client of the final invoice in respect of the services performed hereunder. Should Client not fulfill its obligations set out herein or in the Engagement Letter and in the absence of rectification by Client within 10 days, KPMG may, upon written notice, terminate its performance and will not be responsible for any loss, cost or expense resulting therefrom. If at any time during the engagement it is determined by KPMG, in its sole discretion, that there may be an actual or potential breach by KPMG of applicable professional standards, KPMG

may terminate the engagement, without liability, immediately on notice to Client. The engagement may be terminated by either party at any time by giving written notice to the other party not less than 30 calendar days before the effective date of termination. Upon early termination of the engagement, Client shall be responsible for the payment to KPMG for KPMG's time and expenses incurred up to the termination date, as well as reasonable time and expenses to bring the engagement to a close in a prompt and orderly manner.

### 15. E-MAIL COMMUNICATION.

Client recognizes and accepts the risks associated with communicating by Internet e-mail, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless Client requests in writing that KPMG does not communicate by Internet e-mail, Client assumes all responsibility or liability in respect of the risk associated with its use.

### 16. POTENTIAL CONFLICTS OF INTEREST.

a. For purposes of this Section 16, "KPMG" means KPMG LLP and KPMG subsidiaries, affiliates and related parties providing services hereunder, if applicable. KPMG is engaged by a wide variety of entities and individuals, some of whom may be creditors, investors, borrowers, shareholders, competitors, suppliers or customers of Client, or other parties with conflicting legal and business interests to Client, including, without limitation, in relation to the audit, tax or advisory services provided to Client by KPMG. KPMG's engagements with such companies and individuals may result in a conflict with Client's interests.

b. As a condition of KPMG's engagement by Client, Client agrees that: (i) without further notice or disclosure, KPMG may accept or continue engagements on unrelated matters to KPMG's engagement for Client in which KPMG may act contrary to Client's interests even if those unrelated matters are materially and directly adverse to Client; and (ii) without further notice or disclosure, KPMG may provide advice or services to any other person or entity making a competing bid or proposal to that of Client whether or not KPMG is providing advice or services to Client in respect of Client's competing bid or proposal.

c. In accordance with professional standards, and except as set out below, KPMG will not use any confidential information regarding Client 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. In no event shall KPMG be liable to Client or shall Client be entitled to a return of fees and disbursements incurred on behalf of Client or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement.

d. Client further agrees that KPMG may, in its sole discretion, disclose the fact or general nature of its engagement for Client to (i) KPMG International and other KPMG International member firms in order to check against potential conflicts of interest, 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 Client, in connection with the engagement or any future engagement.

e. Where another party has engaged KPMG to deliver services before Client has done so, and subsequently circumstances change such that there is a conflict, which in KPMG's sole opinion cannot be adequately managed through the use of confidentiality and other safeguards, KPMG shall be entitled to terminate the engagement for Client, without liability, immediately upon notice.

f. Other KPMG International member firms are engaged by many entities and individuals, including, without limitation, entities and individuals that may enter into transactions or may have disputes with Client or Client's related or affiliated entities. Client 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 Client.

g. Client will indemnify and hold harmless KPMG, its subsidiaries and associated and affiliated entities, and their respective current and former partners, directors, officers, employees, agents and representatives from any Claim by any third party (including, without limitation, reasonable legal fees) that alleges that KPMG was in a conflict of interest by providing services hereunder. The provisions of this subsection 16(g) shall apply

regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

**h.** KPMG encourages Client to obtain legal advice with respect to Client's rights in connection with potential future conflicts prior to entering into the engagement.

**17. FORCE MAJEURE.**

Neither Client nor KPMG shall be liable for any delays resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labour dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

**18. INDEPENDENT CONTRACTOR.**

It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, distributor or representative of the other. 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.

**19. SURVIVAL.**

Sections 1, 4(b), 5-16, 18-30, 31(a) and (c)-(g), and 33-34 hereof shall survive the expiration or termination of the engagement.

**20. SUCCESSORS AND ASSIGNS.**

These Terms and Conditions and the accompanying Proposal or Engagement Letter shall be binding upon the parties hereto and their respective subsidiaries and associated and affiliated entities and their respective partners, directors, officers and employees and successors and permitted assigns. Except as provided below, neither party may assign, transfer or delegate any of the 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. In addition, KPMG may arrange for or engage (as applicable) KPMG affiliates, subsidiaries, related parties, independent contractors and KPMG International member firms to assist KPMG in performing the services hereunder.

**21. 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 these provisions shall be held to be invalid, void or unenforceable, then the remainder of these Terms and Conditions and the attached Proposal or Engagement Letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.

**22. ENTIRE AGREEMENT.**

These Terms and Conditions and the accompanying Proposal or Engagement Letter including, without limitation, Exhibits, constitute the entire agreement between KPMG and Client with respect to the engagement and supersede all other oral and written representation, understandings or agreements relating to the engagement.

**23. GOVERNING LAW.**

These Terms and Conditions and the accompanying Proposal or Engagement Letter 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).

**24. PUBLICITY.**

Upon the closing of a transaction, KPMG will have the right (but shall not be obliged), at its expense, to publicize its association with the transaction by way of public announcement in "tombstone" or similar format, subject to prior review of the wording for any such announcement with Client.

**25. KPMG INTERNATIONAL MEMBER FIRMS.**

In the case of multi-firm engagements, all KPMG International member firms performing services hereunder shall be entitled to the benefits of these Terms and Conditions. Client 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 such third party service providers referred to in Section 8 above.

**26. SARBANES-OXLEY ACT.**

Except as set forth in the Engagement Letter, Client acknowledges that completion of the engagement or acceptance of KPMG's reports, advice, recommendations and other deliverables resulting from the engagement will not constitute a basis for Client's assessment of internal control over financial reporting or Client's evaluation of disclosure controls and procedures, or its compliance with its principal officer certification requirements under Section 302 of the *Sarbanes-Oxley Act of 2002* (the "Act"). The engagement shall not be construed to support Client's responsibilities under Section 404 of the Act requiring each annual report filed under Section 13(a) or 15(d) of the *Securities Exchange Act of 1934* to contain an internal control report from management.

**27. NATIONAL INSTRUMENT 52-109.**

Except as set forth in the Engagement Letter, Client acknowledges that completion of the engagement or acceptance of KPMG's reports, advice, recommendations and other deliverables resulting from the engagement will not constitute a basis for Client's evaluation of disclosure controls and procedures and internal control over financial reporting, or its compliance with its CEO/CFO certification requirements under *National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings*, including those related to the design of disclosure controls and procedures and internal control over financial reporting.

**28. SPECIFIC ACCOUNTING AND OTHER ADVICE.**

Except as set forth in the Engagement Letter, the engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and facts and circumstances of Client. Such services, if requested, would be provided pursuant to a separate engagement.

Client should consult with and/or engage legal counsel for the purpose of advising on legal aspects of matters on which KPMG provides its advice and drafting any legal documents and/or agreements that may be required. To the extent legal counsel or other professional service providers are required, Client is exclusively responsible for engaging and paying such service providers.

**29. TAX SERVICES.**

**a.** If tax work is specifically requested by Client, KPMG will perform the procedures in accordance with this Section 29. KPMG will base its findings exclusively on the facts and assumptions provided to KPMG by Client and Client's personnel and advisors. 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. The authorities referred to in this subsection 29(a) are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of KPMG's findings and may result in incremental taxes, interest or penalties. KPMG's findings 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.** KPMG will use professional judgment in providing advice, and will, unless Client instructs otherwise, take the position most favourable to Client whenever reasonable. All returns 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.** Client is also responsible for ensuring that KPMG's advice is implemented strictly in accordance with KPMG's recommendations. KPMG is not responsible for any penalties or interest assessed against Client as a

result of a failure by Client to provide KPMG with accurate and complete information.

d. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by the Canada Revenue Agency or other tax or revenue authorities.

### 30. TAX SERVICES FOR SEC REGISTERED AUDIT CLIENTS AND/OR US TAX SERVICES

a. In circumstances where the services provided by KPMG hereunder: (i) involve the delivery of any tax services, Client is or is an affiliate of (whether at the time of the engagement or at any point thereafter) an entity that is registered with the United States Securities and Exchange Commission ("SEC"), and Client or such affiliate is audited by KPMG; or (ii) involve the delivery of US tax services, then the prohibition regarding the distribution of KPMG's reports and written advice set out in Section 5 of these Terms and Conditions shall not apply and no provision of the Engagement Letter is or is intended to be construed as a condition of confidentiality in relation to the tax services to which (i) and/or (ii) above are applicable. Further, in respect of the services to which (i) and/or (ii) above are applicable, no provision in the Engagement Letter or these Terms and Conditions is or is intended to be construed as a condition of confidentiality within the meaning of Internal Revenue Code ("IRC") sections 6011, 6111, 6112 or the regulations thereunder, or under any similar or analogous provisions of the laws of a state or other jurisdiction. In particular, Client (and each employee, representative, or other agent of Client) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction within the scope of the engagement and all materials of any kind (including opinions and other tax analyses) that are provided to Client relating to such tax treatment and tax structure. Client also agrees to use commercially reasonable efforts to inform KPMG of any conditions of confidentiality imposed by third party advisors with respect to any transaction on which KPMG's advice is requested. Such notification must occur prior to KPMG providing any advice with respect to the transaction.

b. For certainty, Section 5 of these Terms and Conditions shall continue to apply in its entirety, and this Section 30 shall not apply, to any tax services to which subsection 30(a)(i) and/or (ii) above are not applicable. In this Section 30, the term "affiliate" is interpreted as that term is used by the SEC with reference to auditor independence rules.

c. In respect of any tax services to which subsection 30(a)(i) or (ii) above are applicable, any reports or advice ("Tax Deliverable") released to Client in any form or medium shall be supplied by KPMG on the basis that it is for Client's benefit and use only. If Client refers to or discloses in whole or in part any Tax Deliverable to any third party, Client shall notify such third party in writing as follows: that (i) the tax services performed by KPMG for Client were designed to meet Client's agreed requirements only, as determined by Client's needs at the time; (ii) any product of the tax services should not be regarded as suitable to be used or relied upon by any party wishing to acquire any rights against KPMG other than Client; (iii) KPMG does not assume any responsibility in respect of the tax services performed for Client, any product of the tax services, or any judgments, conclusions, opinions, findings or recommendations that KPMG may have formed or made, to any party except Client; (iv) to the fullest extent permitted by law, KPMG accepts no liability in respect of any such matters to any other person; and (v) should any person or entity except Client choose to rely on the tax services or any product thereof, that person or entity will do so at their own risk. Notwithstanding the foregoing, (A) in the event of a disclosure made by Client that is required by law, that is made to a regulatory authority having jurisdiction over Client, or that is made pursuant to subsection 30(a) above, no such notification shall be required and (B) no such notification shall be required with respect to disclosures expressly authorized by the Engagement Letter.

d. If Client refers or discloses in whole or in part any Tax Deliverable to any third party but does not notify such third party in writing as required in subsection 30(c) above, Client shall compensate KPMG and reimburse KPMG for and protect, indemnify and hold harmless KPMG against any Claim incurred by KPMG (including, without limitation, reasonable legal fees) as a result of, arising from or in connection with any such reference or disclosure, unless KPMG has agreed in writing with such third party to accept responsibility and liability to that third party in respect of the tax services and the Tax Deliverable. If any payment is made by Client under this subsection 30(d), Client shall not seek recovery of that payment from KPMG at any time. In this subsection 30(d), "KPMG" shall include KPMG

and its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives, and "Client" shall include Client, Client's affiliates and any other beneficiaries of KPMG's tax services. The foregoing indemnification obligations shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

e. Treasury regulations under IRC section 6011 require taxpayers to disclose to the IRS their participation in reportable transactions and IRC section 6707A imposes strict penalties for noncompliance. Client agrees to use commercially reasonable efforts to inform KPMG if Client is required to disclose any transaction covered by the Engagement Letter as a reportable transaction to the IRS or to any state or other jurisdiction adopting similar or analogous provisions. IRC section 6111 requires a material advisor with respect to a reportable transaction to disclose information on the transaction to the IRS by a prescribed date, and IRC section 6112 requires the material advisor to maintain, and make available to the IRS upon request, a list of persons and other information with respect to the transaction. KPMG will use commercially reasonable efforts to inform Client if KPMG provides Client's identifying information to the IRS under IRC section 6111 or 6112, or to any state or other jurisdiction adopting similar or analogous provisions.

f. For engagements where services will be provided by a KPMG International member firm with offices located in California, Client acknowledges that certain of KPMG's personnel who may be considered "owners" under the California Accountancy Act and implementing regulations (California Business and Professions Code section 5079(a); 16 Cal. Code Regs. sections 51 and 51.1) and who may provide services in connection with the engagement, may not be licensed as certified public accountants under the laws of any of the various states.

### 31. DUE DILIGENCE SERVICES (TAX AND TRANSACTION SERVICES)

a. The procedures KPMG will perform are limited to those referred to in the Engagement Letter and its appendices. The procedures KPMG will perform 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 provides no assurance and makes no representation regarding the sufficiency of the procedures either for the purpose of the proposed transaction in the context of which KPMG has been engaged or for any other purpose. KPMG's findings will not constitute recommendations to Client as to whether or not Client should proceed with any proposed transactions. In performing the procedures and reporting its findings, KPMG will rely exclusively upon information provided to KPMG by Target, its personnel and advisors, Client's advisors, and Client, and any publicly available information KPMG obtains, and will not independently verify the accuracy or completeness of such information. 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 and the Chartered Professional Accountants of Canada. Consequently, KPMG expresses no opinion and will provide no other form of assurance on Target's prospective financial information, financial statements or Target's internal control over financial reporting.

b. Client agrees to review reports promptly and to advise KPMG on a timely basis of any additional procedures Client would like KPMG to perform or areas to address.

c. In the event KPMG performs procedures related to future-oriented financial information, KPMG will not compile, examine, or apply other assurance procedures to such information and, accordingly, will express no opinion or any other form of assurance or representations concerning its accuracy, completeness or presentation format. 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.

d. Unless specifically requested by Client, KPMG is not obligated to provide a copy of the report to Target for the purpose of confirming Target's representations concerning the accuracy of the factual information presented in the report. If Client would like Target to review the report, KPMG will require Client and Target to indemnify KPMG for any Claims arising out of or relating to such review on such terms and conditions specified by KPMG in its sole discretion. In certain instances, Client may request that KPMG's report be distributed to a third party for informational purposes. KPMG will consider consenting to distribution based on such factors as the identity of the third party and the third party's intended use of

the report. If KPMG agrees to the distribution of the report to a third party, Client agrees to execute and agrees to require the third party to execute an agreement in the form provided by KPMG regarding the release of information.

**e.** Client expressly acknowledges and agrees that if Client and Target (as such terms are defined in the Engagement Letter) are the same entity, that all references herein to "Target" shall be deemed to be references to "Client".

**f.** The provisions of subsections 3(c)-(d) and Section 6 shall apply to information about Target provided to KPMG in the course of performing the services under the Engagement Letter. Client agrees to use all reasonable efforts to arrange for KPMG's access to Target's personnel and advisors, business offices and financial information as required for KPMG to perform the services contemplated by the Engagement Letter.

**g.** If KPMG serves as independent auditors of Target or another party disclosed to Client, or provides any other audit or attestation services to Target or such other party (such as the target of a contract compliance review or a party having a connection to an investigation or proceeding), Client hereby acknowledges and agrees that KPMG may be in possession of confidential information concerning Target or such other party that may be relevant to Client's due diligence procedures or other services KPMG is providing to Client under the Engagement Letter and that such information will not be disclosed to Client unless Target or such other party provides prior written consent to such disclosure or provides such information directly to Client or to the KPMG engagement team serving Client for purposes of the services under the Engagement Letter.

### **32. LOBBYING**

Unless expressly stated in the 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 Client agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to the Engagement Letter.

### **33. LLP.**

KPMG LLP 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. KPMG is a partnership, but its partners have a degree of limited liability. A partner is not personally liable for any debts, obligations or liabilities of the LLP that arise from a negligent act or omission by another partner or any person under that other partner's direct supervision or control. The legislation relating to limited liability partnerships does not, however, reduce or limit the liability of the firm. The firm's insurance exceeds the mandatory professional indemnity insurance requirements established by the relevant professional bodies. Subject to the other provisions hereof, all partners of the LLP remain personally liable for their own actions and/or actions of those they directly supervise or control.

### **34. ALTERNATIVE DISPUTE RESOLUTION.**

The parties shall, and shall cause both their and their respective subsidiaries', affiliates' and associated entities' current and former officers, partners, directors, employees, agents and representatives, to first attempt to settle any dispute arising out of or relating to the Engagement Letter or the services provided hereunder (the "Dispute") through good faith negotiations in the spirit of mutual cooperation between representatives of each of the parties with authority to resolve the Dispute. In the event that the parties are unable to settle or resolve a Dispute through negotiation within 30 days of when one of the parties has notified the other party of the Dispute by delivering a notice of dispute, or such longer period as the parties may mutually agree upon, such Dispute shall, as promptly as is reasonably practicable, be subject to mediation pursuant to the National Mediation Rules of the ADR Institute of Canada, Inc. that are in force at the time the notice of dispute is delivered. Any Dispute remaining unresolved for more than 60 days following the parties first meeting with a mediator or such longer period as the parties may mutually agree upon shall, as promptly as is reasonably practicable, be resolved by arbitration pursuant to the Arbitration Rules of the ADR Institute of Canada, Inc. (the "Arbitration Rules") that are in force at the time the Dispute is subject to arbitration. For certainty, the parties hereby waive any right they may otherwise have to bring a court action in connection with a Dispute. The parties also waive any

right they may otherwise have to bring or participate in a class, collective or representative proceeding in connection with a Dispute, whether in court or before an arbitrator. The arbitrator's decision shall be final, conclusive and binding upon the parties, and the parties shall have no right to appeal or seek judicial review of the arbitrator's decision. For certainty, the parties hereby waive any right of appeal which may otherwise be available under applicable legislation or under the Arbitration Rules. The place of mediation and arbitration shall be the city in Canada in which the principal KPMG office that performed the engagement is located. The language of the mediation and arbitration shall be English.

# The Corporation of The City of Mississauga

Audit Planning Report  
for the year ending December 31, 2020

*KPMG LLP*

Licensed Public Accountants

Prepared November 16, 2020

Presented December 7, 2020

[kpmg.ca/audit](http://kpmg.ca/audit)





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## KPMG contacts

The contacts at KPMG in connection with this report are:



**Kevin Travers**

**Audit Engagement Partner**

Tel: 416-228-7004  
ktravers@kpmg.ca



**Shelyane Li**

**Audit Senior Manager**

Tel: 416-224-4113  
shelyaneli@kpmg.ca

# Executive summary

The purpose of this Audit Planning Report is to assist you, as a member of the Audit Committee, in your review of the planning of our audit of the consolidated financial statements (“financial statements”) of The Corporation of the City of Mississauga (the “City”) as at and for the year ending December 31, 2020.

## COVID-19

COVID-19 is undoubtedly going to have an impact to the City’s operations and the City’s financial reporting. See page 4.

## Group audit scope

Our group audit consists of:

- Full scope audits:
  - The Corporation of the City of Mississauga
  - Enersource Corporation (“Enersource”)
- Non-significant components, however these components are required to prepare statutory financial statements under the Municipal Act:
  - City of Mississauga Public Library Board – (“Library”)
  - Tourism Mississauga
  - Clarkson Village Business Improvement Association
  - Malton Business Improvement Area
  - Port Credit Business Improvement Area
  - Streetsville Business Improvement District Association
  - Cooksville Business Improvement Area (collectively the “BIAs”)

## Audit and business risks

Our audit is risk-focused. We will discuss these risks with you during the upcoming meeting. The audit of the City’s consolidated financial statements is considered a group audit which includes several components. In planning our audit, we have taken into account key areas of focus for financial reporting.

See pages page 6 to 11.

## Audit materiality

Materiality has been determined based on consolidated revenue. We have determined group materiality to be \$22,500,000 (2019 - \$25,150,000).

Materiality will be set at lower thresholds where necessary to meet local subsidiary financial statement audit requirements. See page 12.

## Proposed fees

The engagement letter includes the fees for all professional services provided to the City and related entities. A copy of the engagement letter can be obtained from management.

# Executive summary

## Quality control

We have a robust and consistent system of quality control. We provide complete transparency on all services and follow Audit Committee approved protocols.

## Current developments and audit trends

Please refer to pages 16 to 20 for relevant accounting and auditing changes relevant to the City and relevant audit trends.

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This Audit Planning Report should not be used for any other purpose or by anyone other than the Audit Committee, City Council, and Management of the City. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

# COVID-19: Embedding Resilience & Readiness

COVID-19 is undoubtedly going to have an impact to the City's business and the City's financial reporting.

## Potential financial reporting implications

Refer to our [COVID-19 Financial Reporting](#) site:

- Events or conditions that cast significant doubt regarding going concern
- Impairment of non-financial assets (e.g., tangible capital assets)
  - Analysis of triggering events and impairment testing (e.g. cash flow forecasts and assumptions)
- Impairment of financial assets including investments
- Employee benefits and employer obligations
- Provisions, contingencies and onerous contracts
- Impact on funding received from federal and provincial governments
- Impact on programs and operations managed by the City
- Impact on capital projects managed by the City
- Subsequent events

## Potential implications on internal control over financial reporting

- Reconsideration of financial reporting risks, including fraud risks, given possible new pressures on management or new opportunities to commit fraud given changes in Internal Control over Financial Reporting (ICFR) or to bias estimates.
- New or enhanced controls to respond to new financial reporting risks or elimination of on-site preventative controls.
- Consideration of changes in the individuals performing the control (e.g. re-directing the performance to head-office or realignment efforts).
- Consideration of the appropriateness of segregation of duties because of a potential reduction in the number of employees.
- Revisions may be needed for planned internal audit programs.
- Reconsideration of ICFR impacts related to broader IT access given remote work arrangements.

## Potential financial reporting implications related to disclosures

Refer to our [COVID-19 Financial Reporting](#) site:

- Events and conditions that cast significant doubt regarding going concern
- New accounting policies
- Significant management judgements in applying accounting policies
- Major sources of estimation uncertainty that have significant risk
- Liquidity risks

## Other potential considerations

- Reporting material changes in ICFR
- Cyber security risks (e.g., wire transfers schemes)
- Possible delay in filing annual financial statements

# COVID-19: Embedding Resilience & Readiness (Continued)

Similarly, COVID-19 is a major consideration in the development of our audit plan for your 2020 financial statements

| Potential audit implications  | Potential audit implications   |
|---|--|
| <p>Planning and risk assessment:</p> <ul style="list-style-type: none"> <li>• Understanding the expected impact on the relevant metrics for determining materiality (including the benchmark) and the implication of that in identifying the risks of material misstatement, responding to such risks and evaluating uncorrected misstatements.</li> <li>• Understanding the potential financial reporting impacts, the changes in the City's environment, and changes in the City's system of internal control, and their impact on our:               <ul style="list-style-type: none"> <li>○ identified and assessed risks of material misstatement.</li> <li>○ audit strategy, including the involvement of others (e.g., our internal specialists or use of internal audit's work or internal audit in a direct assistance capacity) and the nature, timing and extent of tests of controls and substantive procedures.</li> </ul> </li> </ul> <p>Executing:</p> <ul style="list-style-type: none"> <li>• Remote auditing:               <ul style="list-style-type: none"> <li>○ Increased use of other collaboration tools (Teams, Skype, etc.) and the need for written management acknowledgement for their use, as necessary</li> <li>○ Potential increased use of electronic evidence (and understanding the City's processes to provide such evidence to us)</li> </ul> </li> <li>• Timing of procedures may need to change:               <ul style="list-style-type: none"> <li>○ The ability for the audit to commence (interim and/or year-end) is highly fluid and dependent on management's ability to physically or digitally access underlying documents in a safe and healthy manner, including access to IT systems.</li> <li>○ Tests of controls may need to be deferred (to allow the City to put new or revised controls in operation and to be able to re-perform such controls).</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Understanding the City's potential financial reporting impacts, the changes in the City's environment, and changes in the City's system of internal control, and their impact on our:               <ul style="list-style-type: none"> <li>○ design of the analytical procedures</li> <li>○ need to perform additional procedures or early audit work</li> <li>○ timing considerations related to the interim review and reporting back to management and the Audit Committee of any significant findings.</li> </ul> </li> </ul> |

# Audit risks

| Professional requirements   | Why is it significant?  |
|---|---|
| <p><b>Fraud risk from revenue recognition related to revenue transactions that are not in the normal course of business and related to recognition of deferred revenue.</b></p>   | <p>This is a presumed fraud risk. The primary risk of fraudulent revenue recognition resides with manual journal entries for revenue transactions not in the normal course of business as well management's calculation of the deferred revenue – obligatory reserve funds.</p> |
| <p><b>Our audit approach</b></p>  |   |
| <p>Our audit methodology incorporates the required procedures in professional standards to address this risk.</p> <p>Our audit approach will consist 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.</p> <p>As part of our audit approach to address the inherent risk of error in revenue recognition, KPMG substantively tests revenues (both recognized and amounts held as deferred at year end) and recalculates management's calculation of deferred revenue – obligatory reserve funds through auditing management's methodology.</p> |   |
| Professional requirements   | Why is it significant?  |
| <p><b>Fraud risk from management override of controls.</b></p>  | <p>This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.</p>   |
| <p><b>Our audit approach</b></p>  |   |
| <p>As the risk 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 and evaluating the business rationale of significant unusual transactions.</p> <p>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 consider the potential impact of COVID-19 when identifying areas which may be subject to additional risk whether due to fraud or error in this regard.</p>   |   |

# Audit risks (continued)

| Other areas of focus  | Why are we focusing here?  |
|---|--|
| <b>Cash and Investments</b>   | Material account balances and disclosures. Valuation of investments and concerns over decline in fair value due to COVID-19.   |
| <b>Tangible Capital Assets</b>  | Risk of material misstatement related to existence and accuracy of tangible capital assets and accuracy of timing of revenue recognition, particularly related to funds intended for tangible capital assets additions and contributed assets. |
| Our audit approach  |  |
| <b>Cash and Investments</b><br><i>COVID-19 Implications:</i> <ul style="list-style-type: none"> <li>- To assess if there is a loss in value of the portfolio investment and whether such a decline is other than temporary. Perform audit procedures to assess whether a write-down is necessary.</li> </ul> <i>Substantive audit procedures:</i> <ul style="list-style-type: none"> <li>- Review year-end bank and investment reconciliations and substantive testing and significant reconciling items.</li> <li>- Substantive test of details over additions and disposals of investments.</li> <li>- Obtain confirmations from third party financial institutions.</li> <li>- Review of financial statement note disclosure in accordance with Public Sector Accounting Standards (PSAS).</li> </ul>  |  |
| <b>Tangible Capital Assets</b> <ul style="list-style-type: none"> <li>- Substantive test of details over additions (including contributed tangible capital assets) and disposals.</li> <li>- Review amortization policy and perform recalculations</li> <li>- Review construction in progress to ensure amounts are properly transferred to correct capital asset classes and amortization expense commences on a timely basis.</li> <li>- Review of financial statement note disclosure in accordance with PSAS.</li> <li>- We will agree fair value estimates of contributed tangible capital assets to supporting third party documentation or estimated by the City; we will perform procedures to address the new CAS 540, Auditing Accounting Estimates and Related Disclosure requirements related to valuation estimates.</li> <li>- We will also perform required procedures to assess the potential risks with respect to impairment of assets as a result of the ongoing COVID-19 pandemic. Based on the nature of City's operations, it is not expected that this will be a significant risk during the audit.</li> </ul> |  |

# Audit risks (continued)

| Other areas of focus                               | Why are we focusing here?   |
|--|---|
| <b>Taxes Receivable and Taxation Revenue</b>       | Risk of material misstatement related to designated revenue and accuracy of timing of revenue recognition.            |
| <b>Deferred Revenue – obligatory reserve funds</b> | Risk of material misstatement due to management assessment and judgment involved.                                     |
| <b>Employee Future Benefits (EFBs)</b>             | Risk of material misstatement related to accuracy and valuation of the estimate involved in employee future benefits. |

## Our audit approach

### Taxes Receivable and Taxation Revenue:

- Substantive approach recalculating tax revenue using approved tax rates and assessment.

### Deferred Revenue – obligatory reserve funds:

- 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 due to COVID-19 and perform audit procedures on the financial reporting impact, if relevant.

### Employee Future Benefits:

- Reliance on actuaries (management specialist) engaged by the City; update our understanding of the activities over the quality of information used, the assumptions made, the qualifications, competence and objectivity of the preparer of the estimate, and the historical accuracy of the estimates.
- Assess method, data and, assumptions used by actuary and management in calculation of the EFB liability for reasonableness.
- We will perform audit procedures to address the new CAS 540, Auditing Accounting Estimates and related disclosure requirements related to the estimates involved. Communicate with actuaries and test HR data provided to the actuaries, if applicable.
- Review financial statement disclosures in accordance with PSAS.



# Audit risks (continued)

| Other areas of focus  | Why are we focusing here?   |
|---|---|
| <b>Expenses – Salaries and Benefits</b>   | Risk of material misstatement related to accuracy and occurrence of expenses.                         |
| <b>Accounts Payable, Accrued Liabilities, and Expenses</b>  | Risk of material misstatement related to completeness of liabilities.                                 |
| <b>Contingencies</b>  | Risk of material misstatement related to completeness of contingencies and corresponding disclosures. |
| Our audit approach  |   |
| <p><b>Expenses – Salaries and Benefits:</b></p> <ul style="list-style-type: none"> <li>– Test and evaluate design and operating effectiveness of selected controls over payroll.</li> <li>– Test of employment expenses for a sample of employees by verifying payroll records to HR contracts and collective agreements.</li> <li>– Substantive verification and recalculation of payroll-related accruals.</li> <li>– Ensure any collective bargaining agreements are evaluated for retroactive liabilities.</li> </ul> |   |
| <p><b>Accounts Payable, Accrued Liabilities, and Expenses:</b></p> <ul style="list-style-type: none"> <li>– Search for unrecorded liabilities.</li> <li>– Examine significant accrued liabilities for existence, accuracy and completeness.</li> <li>– Test and evaluate design and operating effectiveness of selected controls over payables and procurement cycle.</li> <li>– Perform substantive test of details on selected non-payroll expenditures.</li> </ul>   |   |
| <p><b>Contingencies:</b></p> <ul style="list-style-type: none"> <li>– Perform a detailed review of Council meeting minutes.</li> <li>– Direct communication with internal legal counsel (and external as necessary) to ensure that all significant contingent liabilities are appropriately disclosed and/or recorded.</li> <li>– Significant findings review with management during planning and completion stages of the audit.</li> </ul>  |   |

# Audit risks (continued)

| Other areas of focus   | Why are we focusing here?                  |
|--|--|
| <b>Contaminated sites liability</b>  | To ensure the completeness of liabilities. |
| <b>Trust funds</b>   | Statutory audit requirement.               |
| <b>Debenture debt</b>  | Material account balance and disclosures.  |
| Our audit approach   |  |
| <p><b>Contaminated sites liability:</b></p> <ul style="list-style-type: none"> <li>- Update our understanding on the controls and practices in place at the City surrounding recognition, measurement and completeness of contaminated sites and review and testing of management's key assumptions and estimates.</li> <li>- Make inquiries of key stakeholders to validate the completeness assertion of contaminated sites.</li> <li>- We will perform audit procedures to address the new CAS 540, Auditing Accounting Estimates and related disclosure requirements related to the estimates involved.</li> </ul> |  |
| <p><b>Trust funds:</b></p> <ul style="list-style-type: none"> <li>- Direct confirmation of cash and investments with financial institutions.</li> <li>- Vouch selected revenue and expense transactions to source documents.</li> <li>- Assess if there is a loss in value of a portfolio investment and whether such a decline is other than temporary. Assess whether a write-down is necessary.</li> </ul>  |  |
| <p><b>Debenture debt:</b></p> <ul style="list-style-type: none"> <li>- Obtain and review any new or amended agreements for debt issued by the City, including review of Council and Regional Municipality of Peel by-laws on the issuance of debt.</li> <li>- Confirmation of the debenture debt as at year-end.</li> <li>- Review disclosures in accordance with PSAS.</li> </ul>   |  |

# Audit risks (continued)

| Other areas of focus  | Why are we focusing here?  |
|---|--|
| <b>Consolidation (City and all components)</b>  | To ensure the completeness and accuracy of the consolidated information. |
| Our audit approach  |  |
| <ul style="list-style-type: none"> <li>- Review operations of and perform audit procedures for the consolidated entities, including Enersource, City of Mississauga Library Board, BIAs, Tourism Mississauga.</li> <li>- Review the eliminating entries as prepared by management for accuracy and completeness.</li> <li>- Review financial statement note disclosures related to Enersource, including the City's share of net income, dividends, etc.</li> </ul> |  |

# Materiality

| Materiality determination                          | Comments  | Group amount  |
|--|---|---------------|
| <b>Materiality</b>                                 | Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.<br><br>The corresponding amount for the prior year's audit was \$25,150,000 | \$22,500,000  |
| <b>Benchmark</b>                                   | Based on an estimate of consolidated revenue for the year.  | \$900,000,000 |
| <b>% of Benchmark</b>                              | The corresponding percentage for the prior year's audit was 2.5%  | 2.5%          |
| <b>Audit Misstatement Posting Threshold (AMPT)</b> | Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the prior year's audit was \$1,260,000.  | \$1,125,000   |

Materiality is used to scope the audit, identify risks of material misstatements and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

**We will report to the Audit Committee:**



Corrected audit misstatements



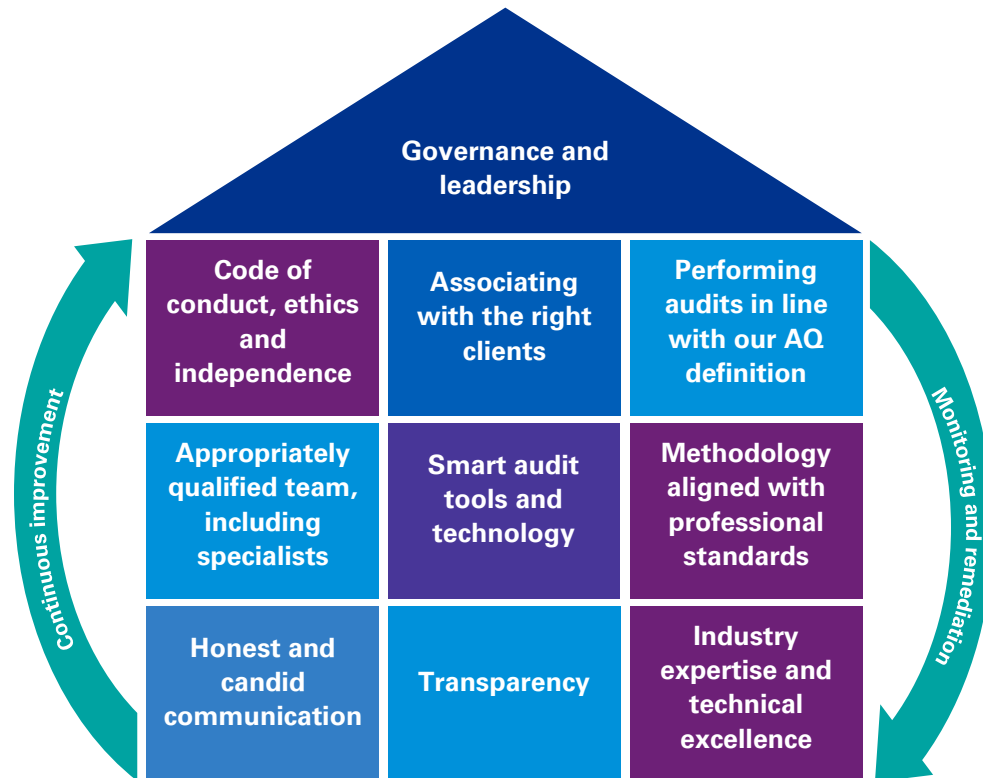
Uncorrected audit misstatements

# Audit Quality Matters



# Audit quality and transparency

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

## What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

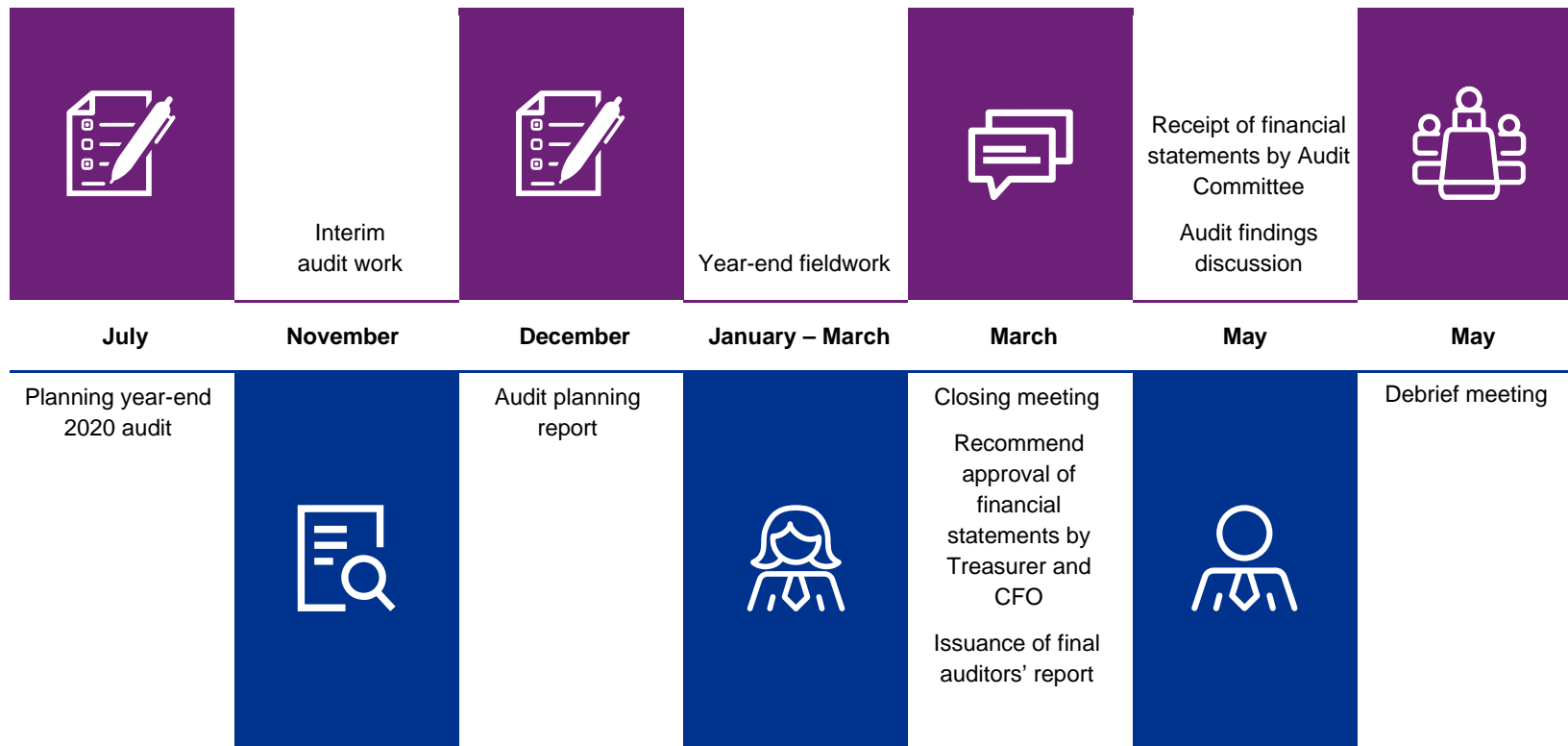
We believe that it is not just about reaching the right opinion, but how we reach that opinion.

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 controls, and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).

# Key deliverables and milestones



**Fieldwork dates are:**

- **Interim:** week of November 16, 2020
- **BIAs:** week of January 25, 2021
- **City, Library, Tourism Mississauga, Trust Funds:** 3 weeks of February 16 to March 5, 2021
- **Final consolidation:** week of March 22, 2021

# Current Developments - Accounting

| Title   | Details  | Link  |
|---|--|---|
| <b>Public Sector Update – connection series</b> | Public Sector Accounting Standards are evolving – Get a comprehensive update on the latest developments from our PSAB professionals. Learn about current changes to the standards, active projects and exposure drafts, and other items. | Contact your KPMG team representative to sign up for these webinars.<br><a href="#">Public Sector Minute Link</a> |

The following are upcoming changes that are effective in the current year or will be effective in future periods as they pertain to Public Sector Accounting Standards. We have provided an overview of what these standards are and what they mean to your financial reporting so that you may evaluate any impact to your future financial statements.

| Standard  | Summary and implications  |
|---|---|
| <b>Asset Retirement Obligations</b><br><br>(applicable for the year ending December 31, 2023 with option for retrospective application effective December 31, 2022) | <ul style="list-style-type: none"> <li>– A new standard, PS3280 <i>Asset Retirement Obligations</i>, has been approved that is effective for fiscal years beginning on or after April 1, 2022 (the City's 2023 year-end).</li> <li>– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</li> <li>– The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life.</li> <li>– As a result of the new standard, the public sector entity would have to:               <ul style="list-style-type: none"> <li>○ consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li> <li>○ carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;</li> <li>○ begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.</li> </ul> </li> </ul> |



| Standard  | Summary and implications   |
|---|--|
| <b>Revenue</b>  | <ul style="list-style-type: none"> <li>– A new standard, PS3400 <i>Revenues</i>, has been approved that is effective for fiscal years beginning on or after April 1, 2023 (the City's 2024 year-end).</li> <li>– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li> <li>– The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> <li>– The standard notes that unilateral revenues arise 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.</li> </ul>   |
| <b>Financial Instruments and Foreign Currency Translation</b> | <ul style="list-style-type: none"> <li>– New accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> have been approved by PSAB and are effective for years commencing on or after April 1, 2022 (the City's 2023 year-end).</li> <li>– Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the government's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.</li> <li>– Hedge accounting is not permitted.</li> <li>– A new statement, the Statement of Re-measurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.</li> <li>– Based on stakeholder feedback received, PSAB is considering certain scope amendments to PS 3450 <i>Financial Instruments</i>. An exposure draft with the amendments is expected to be issued in 2020. The proposed amendments are expected to include the accounting treatment of bond repurchases, scope exclusions for certain activities by the federal government, and improvements to the transitional provisions.</li> </ul> |
| <b>International Strategy</b>                                 | <ul style="list-style-type: none"> <li>– At its May 5, 2020 meeting, PSAB voted to adapt IPSAS principles when developing future standards. This decision has been years in the making, including extensive consultation with Canadian stakeholders, as part of the Board's International Strategy project.</li> <li>– In PSAB's 2017-2021 Strategic Plan, the Board signaled its intent to review its approach towards International Public Accounting Standards (IPSAS). IPSAS has matured over the last decade and are a high quality and comprehensive set of accounting standards. With other jurisdictions comparable to Canada adopting or adapting IPSAS, PSAB has decided it was time to review Canada's current approach towards IPSAS.</li> <li>– While PSAB has made the decision, more planning and work will be done to support stakeholders in this change. The Board itself will also continue to work on implementing this change into its due process, which will require further discussion and work in the coming year. A basis for conclusions was issued in September 2020 that outlines how PSAB came to this important decision.</li> <li>– The implementation date of this decision is April 1, 2021 (the City's 2022 year-end). All standards projects initiated on or after this date will use the principles of IPSAS in the development of the PSAS standard, if a similar IPSAS already exists. In cases where similar IPSAS does not exist, PSAS standards would continue to be developed as they are today.</li> </ul>             |

| Standard   | Summary and implications   |
|--|--|
| <b>Employee Future Benefit Obligation</b>        | <ul style="list-style-type: none"> <li>– PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits.</li> <li>– Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans.</li> <li>– The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.</li> </ul>  |
| <b>Public Private Partnerships (“P3”)</b>        | <ul style="list-style-type: none"> <li>– A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets. The objective is to develop a public sector accounting standard specific to public private partnerships.</li> <li>– A Statement of Principles (“SOP”) was issued in August 2017 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. An Exposure Draft of the new standard was issued in November 2019.</li> <li>– Public private partnership infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is recognized when the asset is recognized and may be a financial liability, a performance obligation or a combination of both.</li> <li>– An infrastructure asset acquired in an exchange transaction is recorded at cost which is equal to its fair value on the measurement date. The liability is measured at the cost of the infrastructure asset initially.</li> <li>– Subsequently, the infrastructure asset is amortized in a rational and systematic manner over its useful life.</li> <li>– Subsequent measurement of the financial liability would reflect the payments made by the public sector entity to settle the liability as well as the finance charge passed on to the public sector entity through the public private partnership agreement.</li> <li>– Subsequent measurement of the performance obligation: revenues are recognized and the liability reduced in accordance with the substance of the public private partnership agreement.</li> </ul> |
| <b>Concepts Underlying Financial Performance</b> | <ul style="list-style-type: none"> <li>– PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>– PSAB is developing two exposure drafts (one for a revised conceptual framework and one for a revised reporting model) with two accompanying basis for conclusions documents and resulting consequential amendments. PSAB expects to issue the two exposure drafts and accompanying documents in 2020.</li> <li>– A Statement of Concepts (“SOC”) and Statement of Principles (“SOP”) were issued for comment in May 2018.</li> <li>– The SOC proposes a revised, ten-chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.</li> <li>– The SOP includes principles intended to replace PS 1201 <i>Financial Statement Presentation</i>. The SOP proposes: <ul style="list-style-type: none"> <li>○ Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets.</li> </ul> </li> </ul>   |

| Standard                               | Summary and implications   |
|--|--|
|  | <ul style="list-style-type: none"> <li>○ Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> <li>○ Restructuring the statement of financial position to present non-financial assets before liabilities.</li> <li>○ 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).</li> <li>○ A new provision whereby an entity can use an amended budget in certain circumstances.</li> </ul> <p>– Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.</p> |
| <b>2019 – 2020 Annual Improvements</b> | <p>– PSAB adopted an annual improvements process to make minor improvements to the CPA Canada Public Sector Accounting (PSA) Handbook or Statements of Recommended Practices (other guidance).</p> <p>– The annual improvement process:</p> <ul style="list-style-type: none"> <li>○ clarifies standards or other guidance; or</li> <li>○ corrects relatively minor unintended consequences, conflicts or oversights.</li> </ul> <p>– Major or narrow scope amendments to the standards or other guidance are not included in the annual improvement process.</p>  |
| <b>Purchased Intangibles</b>           | <p>– As a result of stakeholder feedback received, PSAB will revisit validity of the prohibition against recognizing purchased intangibles in public sector financial statements and will consider a narrow scope amendment.</p> <p>– Input received in response to the 2018 conceptual framework and reporting model documents for comment supported PSAB relocating the recognition prohibitions from the conceptual framework to the standards level. This is a bigger issue for Indigenous governments. PSAB is looking into the question of why purchased intangibles acquired through an exchange transaction cannot be recognized in public sector financial statements as they are measurable at the price in the transaction.</p>   |

# New audit standards

New auditing standards that are effective for the current year are as follows:

| Standard   | Key observations   | Reference   |
|--|--|---|
| <p><b>CAS 540, Auditing Accounting Estimates and Related Disclosures</b></p> <p><b>Effective for audits of Entities with year-ends on or after December 15, 2020</b></p> | <p><b>Expected impact on the audit:</b></p> <ul style="list-style-type: none"> <li>— more emphasis on the need for exercising professional skepticism</li> <li>— more granular risk assessment to address each of the components in an estimate (method, data, assumptions)</li> <li>— more granular audit response designed to specifically address each of the components in an estimate (method, data, assumptions)</li> <li>— more focus on how we respond to levels of estimation uncertainty</li> <li>— more emphasis on auditing disclosures related to accounting estimates</li> <li>— more detailed written representations required from management</li> </ul> | <p><a href="#">CPA Canada Client Briefing</a></p> |

# Appendices

## Content

Appendix 1: Required communications

Appendix 2: Key Audit Matters

Appendix 3: Use of technology in the audit

Appendix 4: KPMG's audit approach and methodology

Appendix 5: Lean in Audit™

Appendix 6: Audit and Assurance Insights



# Appendix 1: Required communications

|   |   |
|---|---|
| <h2>Report</h2>   | <h2>Engagement terms</h2>   |
| <p>Audit planning report – as attached</p>  | <p>Unless you inform us otherwise, we understand that you acknowledge and agree to the terms of the engagement set out in the engagement letter dated November 9, 2020.</p> |
| <h2>Reports to the Audit Committee</h2>   | <h2>Representations of management</h2>  |
| <p>At the completion of the audit, we will provide our findings report to the Audit Committee.</p>  | <p>We will obtain from management certain representations at the completion of the audit.</p>   |
| <h2>Required inquiries</h2>   | <h2>Internal control deficiencies</h2>  |
| <p>Professional standards require that during the planning of our audit, we obtain your views on risk of fraud and other matters. We make similar inquiries of management as part of our planning process; responses to these will assist us in planning our overall audit strategy and audit approach accordingly.</p> <ul style="list-style-type: none"> <li>– Fraud:             <ul style="list-style-type: none"> <li>– What are your views about fraud risks at the entity?</li> <li>– How do those charged with governance exercise effective oversight of management’s processes for identifying and responding to the risk of fraud in the entity and internal controls management has established to mitigate these fraud risks?</li> <li>– Are you aware of or have you identified any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets?</li> <li>– If so, have the instances been appropriately addressed and how have they been addressed?</li> </ul> </li> <li>– Laws and Regulations: Is the entity in compliance with laws and regulations?</li> <li>– Significant Unusual Transactions: Has the entity entered into any significant unusual transactions?</li> </ul> | <p>Other control deficiencies, identified during the audit, that do not rise to the level of a significant deficiency will be communicated to management.</p>               |
| <h2>Audit Quality</h2>  |   |
| <p>The following links are external audit quality reports for referral by the Audit Committee:</p> <ul style="list-style-type: none"> <li>• <a href="#">CPAB Audit Quality Insights Report: 2019 Annual Inspections Results</a></li> <li>• <a href="#">CPAB Audit Quality Insights Report: 2019 Fall Inspection Results</a></li> </ul>  |   |
| <h2>Matters pertaining to independence</h2>   |   |
| <p>At the completion of our audit, we will confirm our independence to the Audit Committee.</p>   |   |

# Appendix 2: Use of technology in the audit

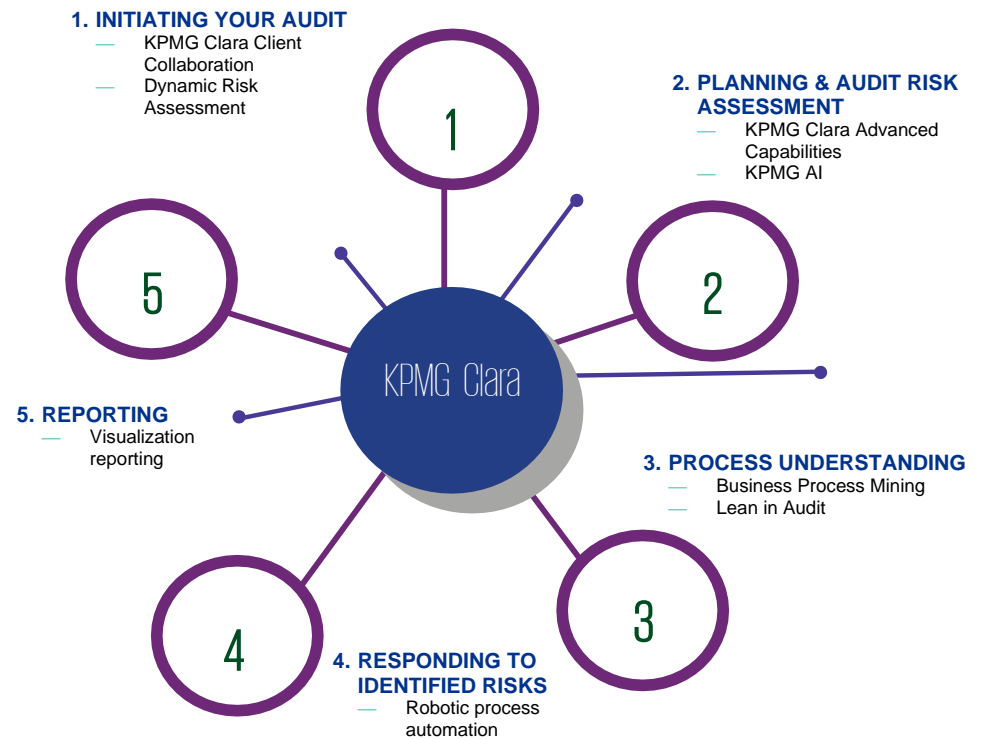
Clara is KPMG’s integrated, smart global audit platform that allows our teams globally to work simultaneously on audit documentation while sharing real time information. Clara also leverages advanced technology in the execution of various audit procedures, for overall risk assessment and for performing substantive audit procedures over 100% of selected transactions through the use of robotic process automation (KPMG “Bots”). KPMG’s use of technology provides for:

1. a **higher quality audit** – looking at 100% of selected data
2. a **more efficient audit** as we are focussed on the transactions that are considered higher risk and
3. an audit that provides **insights into your business** through the use of technology in your audit with our extensive industry knowledge.

We are also actively piloting Artificial Intelligence (“AI”) tools which will be used in future audits.

We will be discussing the use and implementation of these tools with the Entity over the course of our audit. These tools will be adopted and applied to the Entity’s audit using a phased approach over the coming years. We will keep you apprised of our progress on a continuous basis.

## Our five-phased audit approach



# Appendix 3: KPMG's audit approach and methodology

## Collaboration in the audit

A dedicated KPMG Audit home page gives you real-time access to information, insights and alerts from your engagement team.

## Issue identification

Continuous updates on audit progress, risks and findings before issues become events.

## Data-driven risk assessment

Automated identification of transactions with unexpected or unusual account combinations – helping focus on higher risk transactions and outliers.



## Deep industry insights

Bringing intelligence and clarity to complex issues, regulations and standards.

## Analysis of complete populations

Powerful analysis to quickly screen, sort and filter 100% of your journal entries based on high-risk attributes.

## Reporting

Interactive reporting of unusual patterns and trends with the ability to drill down to individual transactions.



# Appendix 4: Lean in Audit™

## An innovative approach leading to enhanced value and quality

Our innovative audit approach, Lean in Audit, further improves audit value and productivity to help deliver real insight to you. Lean in Audit is process oriented, directly engaging organizational stakeholders and employing hands-on tools, such as walkthroughs and flowcharts of actual financial processes.

By embedding Lean techniques into our core audit delivery process, our teams are able to enhance their understanding of the business processes and control environment within your organization – allowing us to provide actionable quality and productivity improvement observations.

Any insights gathered through the course of the audit will be available to both engagement teams and management. For example, we may identify control gaps and potential process improvement areas, while management has the opportunity to apply such insights to streamline processes, inform business decisions, improve compliance, lower costs, increase productivity, strengthen customer service and satisfaction and drive overall performance.

We will be discussing the use of this of tool with management over the coming months to understand management's assessment and appetite for the use of this tool for current and future periods.

## How it works

Lean in Audit employs three key Lean techniques:

### 1. Lean training

Provide basic Lean training and equip our teams with a new Lean mindset to improve quality, value and productivity.

### 2. Interactive workshops

Perform interactive workshops to conduct walkthroughs of selected financial processes providing end-to-end transparency and understanding of process and control quality and effectiveness.

### 3. Insight reporting

Quick and pragmatic insight report including immediate quick win actions and prioritized opportunities to realize benefit.

# Appendix 5: Audit and Assurance Insights

Our latest thinking on the issues that matter most to Audit Committees, Boards and Management.

| Featured insight   | Summary   | Reference                             |
|--|---|---------------------------------------|
| <b>Audit &amp; Assurance Insights</b>                      | Curated thought leadership, research and insights from subject matter experts across KPMG in Canada   | <a href="#"><u>Learn more</u></a>     |
| <b>The business implications of coronavirus (COVID 19)</b> | Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.  | <a href="#"><u>Learn more</u></a>     |
|  | Financial reporting and audit considerations: The impact of COVID-19 on financial reporting and audit processes.  | <a href="#"><u>Learn more</u></a>     |
| <b>Accelerate 2019/20</b>                                  | Perspective on the key issues driving the Audit Committee agenda  | <a href="#"><u>Learn more</u></a>     |
| <b>Momentum</b>  | A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.  | <a href="#"><u>Sign-up now</u></a>    |
| <b>Current Developments</b>                                | Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US   | <a href="#"><u>Learn more</u></a>     |
| <b>Board Leadership Centre</b>                             | Leading insights to help board members maximize boardroom opportunities.  | <a href="#"><u>Learn more</u></a>     |
| <b>Return to the Workplace</b>                             | As all levels of government begin to take steps toward re-opening the country and restarting our economy, planning for the return to a physical workplace is quickly becoming a top priority for many organizations. With the guidelines for the pandemic continuing to evolve daily, there are many considerations, stages and factors employers need to assess in order to properly develop a robust action plan which can ensure the health and safety of their workforce. | <a href="#"><u>Link to report</u></a> |



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



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City of Mississauga  
**Corporate Report**



|   |  |
|---|--|
| <p>Date: November 23, 2020</p> <p>To: Chair and Members of Audit Committee</p>  | <p>Originator's files:</p>                         |
| <p>From: Luis H. Souza, CPA, CMA, CIA<br/>         Director, Internal Audit</p> | <p>Meeting date:<br/>         December 7, 2020</p> |

## Subject

### Final Audit Reports:

1. **Transportation & Works Department, Traffic Management & Municipal Parking Division, Municipal Parking Section – Paid Parking Audit**
2. **Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section – Signs and Pavement Markings Audit**

## Recommendation

That the report dated November 23, 2020 from the Director, Internal Audit with respect to final audit reports:

1. Transportation & Works Department, Traffic Management & Municipal Parking Division, Municipal Parking Section – Paid Parking Audit; and,
2. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section – Signs and Pavement Markings Audit

be received for information.

## Background

In accordance with the Terms of Reference for the Audit Committee (By-law 0069–2015), the Committee is responsible for, “reviewing reports from the Director of Internal Audit identifying audit issues and the steps 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. Transportation & Works Department, Traffic Management & Municipal Parking Division, Municipal Parking Section – Paid Parking Audit; and,

2. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section – Signs and Pavement Markings Audit

The two 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 report for Transportation & Works Department, Traffic Management & Municipal Parking Division, Municipal Parking Section – Paid Parking Audit; and Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section – Signs and Pavement Markings Audit are now complete and are submitted for consideration by the Audit Committee.

## Attachments

- Appendix
1. Transportation & Works Department, Traffic Management & Municipal Parking Division, Municipal Parking Section – Paid Parking Audit
  2. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section – Signs and Pavement Markings Audit



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Luis H. Souza, CPA, CMA, CIA  
Director, Internal Audit

Prepared by: Karen Hobbs, Administrative Coordinator

City of Mississauga

# Internal Audit Report

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TRANSPORTATION & WORKS DEPARTMENT  
TRAFFIC MANAGEMENT & MUNICIPAL PARKING DIVISION  
MUNICIPAL PARKING SECTION  
PAID PARKING AUDIT

November 23, 2020

City Manager's Department  
Internal Audit Division

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TRAFFIC MANAGEMENT & MUNICIPAL PARKING DIVISION  
MUNICIPAL PARKING SECTION  
PAID PARKING AUDIT**

Distribution List

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Corporate Services Department

- Director, Finance & Treasurer

- Manager, Financial and Treasury Services

KPMG LLP, Chartered Accountants, External Auditor



**Transportation & Works Department  
Traffic Management & Municipal Parking Division  
Municipal Parking Section  
Paid Parking Audit**

---

## **BACKGROUND**

Parking is a valuable resource in Mississauga as it influences city building, transportation choices and economic development and provides an important service for residents and businesses.

The Municipal Parking Section within the Traffic Management and Municipal Parking Division is responsible for the management of permitting and regulations regarding operation of City-owned parking facilities, the City's parking strategy and policy, as well as parking infrastructure planning.

Currently, the parking program supports 22 municipal parking lots, two parking lots at Sheridan College (north and south), four off-street parking garages (Civic, Living Arts Centre, Central Library, and 80 Port St.), and over 240 pay-and-display machines covering five City districts (City Centre, Clarkson, Cooksville, Port Credit, and Streetsville) which are run by parking management software provided by Precise Parklink.

The section's operating and capital budgets in 2019 were \$1.4M and \$500K respectively, and its revenues were approximately \$2.7M. There is currently approximately \$13.3M set aside in dedicated Reserve Funds, constituted by previous years' surpluses in paid parking, Payment in Lieu-Parking (PIL) from developers, and Development Charges-Parking. The unit is also working on \$13M committed capital projects and has around \$190M in pre-planning projects.

The parking program began in the early 1990's with a few single-head coin machines in the Lakeshore District. The City developed its first parking strategy in 2009 (Parking Strategy for Mississauga City Centre) with the goal to build a stronger role for the City in public parking. In 2019 this strategy was upgraded to a formal 2019 Master Plan endorsed by Council. This plan includes initiatives that span over two to five-plus years and focus on the provision and management of parking resources, public and private parking, both on and off-street.

## **SCOPE**

The audit focused on the business objectives related to existing processes within the Municipal Parking Section, including implementation and operation of City-owned parking facilities, cost allocations and management of parking reserve funds, permitting and regulatory aspects, long-range planning for parking initiatives, effectiveness of equipment and technology, and safeguarding of assets and information.

The audit excluded provisions of the 2019 Parking Master Plan and its implementation strategy, which are in initial stages. Additionally, the audit scope did not include aspects related to parking enforcement, Payment in Lieu of Parking (PIL) analysis, capital spending expenditure analysis, and Precise's back-end processes and operating system.

## OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and was based on a risk assessment conducted in conjunction with management, which identified the following business objectives:

- A) Ensure efficient operations and ability to meet the needs of users.
- B) Ensure self-funding for all "revenue-generating" parking activities, while obtaining funding from City budgets for non-revenue-generating activities.
- C) Implement effective parking management and paid parking programs in key areas of the city.
- D) Develop effective strategies for future development of parking (infrastructure, programs and facilities), including future parking policy and regulation.
- E) Ensure that the implementations related to the 2013 Audit Recommendations (35) are still in good standing.

## SUMMARY OF OBSERVATIONS

This is the second comprehensive audit of the City's parking program. The last audit was conducted in 2013 and resulted in 35 recommendations, all of which remain in good standing.

During this review, we noted several positive aspects in the unit's process, such as:

- The development of a comprehensive Master Plan, with clear goals, initiatives and measurements that will support robust city building, if successful.
- Sound knowledge and expertise demonstrated by management and key staff, both in terms of strategic planning and operations management.
- Good level of controls over the program.

Our main observations relate to lack of clarity regarding funding sources for future needs (especially with the loss of PIL-related revenues and having over \$190M in projects in pre-planning phase) and the need for a clearer technology strategy to modernize user interaction with parking services at the City. Both observations had already been identified by management during the preparation of the Master Plan, and a number of studies and reviews are scheduled in order to find adequate solutions.

Our observations also include, among others, the need to establish formal protocols and service level agreements with various divisions at the City, improve the management of contractual agreements, create a detailed contingency plan and adjust certain aspects of reserve and capital budget management.

A comprehensive list of observations and recommendations was provided to management of Municipal Parking and other relevant areas, along with a separate list of low-risk process improvement opportunities.

The most relevant observations and recommendations are summarized below. Appendix A outlines all detailed recommendations and the action plans proposed by management.

**Carry on studies to anticipate and find alternatives for future funding needs and improve management of reserves and project budgets.**

At the end of 2019, Municipal Parking had \$13.5M in committed projects without a defined source of funding (\$12M relates to Port Credit Parking Structure) and another \$191.6M in unfunded pre-planning capital for possible future parking structures, including downtown. The City currently has only \$13.3M in combined Reserves (DC Reserves, PIL Parking Reserves, and City Centre Reserves). The future loss of PIL revenues and the need to expand services in the city increases the need for the identification of future revenue sources for parking, in order to support self-funding, as targeted by the Master Plan.

Additionally, parking cost centre surpluses are being transferred to reserves based on a pre-determined percentage allocation (50%/100% of net operating surpluses, depending on the specific cost centre). Management advised that these rates were agreed upon back in 2009 as a way to return part of the initial investment that originated from the tax budget. Management also advised that this original investment has been paid off at this stage and the surplus allocation percentages can be updated.

Internal Audit also noted that a number of old capital projects remained open with unused funds, for up to five years. There is approximately \$1.4M in unspent capital funds still available in the books for capital projects dated 2015 to 2017.

**Implement processes to further support the 2019 Master Plan technology initiatives.**

Management advised that modern technological features such as a parking app or OCR (Optical Character Recognition) enforcement are not possible with the current technological solution adopted by the City. These features could improve quality of service to the user and make internal processes more efficient.

On the other hand, the City has historically invested approximately \$2.9M in the existing equipment, with a current net book value of approximately \$600K.

As the contract with the service provider expires in March 2024, the City needs to be prepared to compare the relevant available technology and its benefits to customer experience and process efficiency with the potential cost of replacing existing equipment and software. Such analysis is already scheduled as part of the implementation of the Master Plan.

Proper planning and oversight to both the Master Plan initiatives and future technologies is critical to the plan's success. Planning and preparing cost-benefit analyses ahead of time is critical to the successful implementation of any new technologies.

**Establish communication protocols for Citywide initiatives that have operational and financial impacts for Municipal Parking.**

A number of areas support Municipal Parking, including Finance, Works Operations and Maintenance (WOM), Realty Services, and Facilities and Property Management. Others that may impact Municipal Parking include Culture (which may use space for special events), Traffic

Management, Works Operations and Maintenance, Realty Services (patios), Planning and Building (tactical urbanism), and Active Transportation (bike lanes).

However, service level agreements with the support areas and communication protocols with other stakeholders to ensure that the Parking Section is timely and thoroughly informed of initiatives that may impact their operations have not been established.

Without formalized communication processes and agreements, there is a risk of inconsistency and misunderstandings that can lead to errors and service disruptions, and result in financial and operational losses.

**Review, update, and regularly monitor all Parking-related agreements and other binding documents and ensure any deficiencies are investigated and addressed immediately.**

There are a few partnerships associated or linked to the Municipal Parking Program, including, but not limited to the main services agreement with Precise, a banking agreement with Moneris, the Employee Parking Policy (05-02-04), and By-law 156-2019 (2020 Fees and Charges).

While there were no concerns in relation to the annual Fees and Charges By-law and with the Moneris contract, Internal Audit noted that a requirement to provide an annual Third-Party Assurance Report, which is a common practice in most service contracts, is not included in the Precise agreement. In addition, clauses that address certain compliance-related risks are not monitored on a regular basis, including the annual PCI certification, insurance coverage, WSIB compliance, City and vendor recovery plans, and timeliness of credit card deposits. In fact, we noted an insufficiency in the insurance coverage by Precise.

We also identified that certain activities described in the Employee Paid Parking Policy were no longer performed and need to be updated in the policy.

**Develop a City contingency plan for Municipal Parking, reviewed annually and approved by Parking Management.**

Recent emergency events (COVID-19, climate, etc.) have placed stronger emphasis on establishing contingency plans for service continuity and support during an event. Contingency plans are effective tools to help manage and guide operations during process or system interruption or unexpected events such as strikes, unrest or weather events.

While the unit has developed a draft continuity plan that addresses the resources and tools applied to an event in case of extreme disruptions, there is a need to develop more detailed contingency plans for the different types of events. Such a plan should define each event and list roles and responsibilities, critical tasks according to the case (collection of meters, fees during the event, customer notifications, data tracking, by-law requirements, tracking revenue losses, etc.) and communication/coordination processes.

**Ensure training, standard operating procedures, certifications, and backup support are in place for service continuity.**

Internal Audit noted that not all positions in Municipal Parking have updated job descriptions, and several key tasks were not included in the unit's procedures. Additionally, the procedures

are not periodically reviewed and are spread through several directories, rather than a central location. Similarly, training is generally provided during onboarding or on an ad hoc basis, but a training program, including periodic refreshers, process changes and others, has not been established.

We also noted that there are no backup roles for all administration positions, creating difficulties in case of absences.

As the team is currently small, the unit relied on the experience and knowledge of staff, and exceptional situations have been handled informally without major impacts. However, as the Master Plan foresees that the unit will grow to 32.5 FTE's in the coming years, there is a need to reduce the dependency on specific staff and ensure consistency across the operations as they grow.

**Expand operational analytics, monitoring and reporting to help guide financial and operational strategies.**

The Parking Analyst currently prepares monthly, quarterly and annual reports on some operational and revenue activities to inform unit/divisional management. We noted that these reports are well tailored to support decision-making at the current stage; however, further deployment of data analytics could be helpful in coping with the expected increase in activity, the need to anticipate issues and trends and identify potential losses and inefficiencies. Some of the potential added reports suggested include monitoring of revenues per equipment, location and region, outlier analysis for unusual situations (possible defect or fraud), tracking of losses due to special events, multi-year financial analysis and others.

**CONCLUSION**

Based on our observations, Internal Audit opinion is that the control environment around the administration of parking operations, revenue, and equipment is generally effective, with points of attention for further improvement and control enhancement.

A total of 14 recommendations resulted from this audit. The table below summarizes the recommendations by classification and priority.

| <b>Classification</b>                                       | <b>High</b> | <b>Medium</b> | <b>Total</b> |
|---|-------------|---------------|--------------|
| Efficiency and Effectiveness                                | 0           | 2             | <b>2</b>     |
| Compliance with and Clarification of Corporate Requirements | 0           | 5             | <b>5</b>     |
| Operational Control and Financial Reporting                 | 0           | 5             | <b>5</b>     |
| Safeguarding of Assets and Information                      | 0           | 2             | <b>2</b>     |
| <b>Total</b>  | <b>0</b>    | <b>14</b>     | <b>14</b>    |

Details of the audit recommendations and management comments can be found in Appendix A.

Management has agreed to all 14 recommendations.

- 2 are expected to be completed by year-end

- 8 are expected to be completed throughout 2021
- 1 is expected to be completed in 2022
- 2 are expected to be completed throughout 2023 (*these are tied in with Master Plan initiatives*)
- 1 is expected to be completed in 2024 (*this recommendation relates to next contract negotiation*)

Internal Audit would like to thank the Director, Traffic Management, the Manager, Parking, and the Municipal Parking Team, along with Works Operations and Maintenance, Transit Coin Room, and Finance management and their teams for their time, support, and assistance during this audit.



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Luis H. Souza, CPA, CMA, CIA  
Director, Internal Audit

Auditor: Mark Beauparlant  
Senior Internal Auditor

**Transportation & Works Department  
Traffic Management & Municipal Parking Division  
Municipal Parking Section  
Paid Parking Audit  
Summary of Audit Recommendations**

| Rec | Recommendation  | Priority<br>(H/M/L) | Comments/Status  | Classification               |
|-----|---|---------------------|--|------------------------------|
| 1   | <p>That Municipal Parking reinforce the process of reserves and capital budget management, in order to ensure existing projects are properly closed off when finished and that future needs are anticipated. This would encompass:</p> <ul style="list-style-type: none"> <li>i. Closing old projects and returning the existing balances to the tax base or transferring excess funds to reserves, as appropriate, and including such a step in the procedure for budget management.</li> <li>ii. Establishing periodic studies of alternative sources of funds against existing pre-planning project needs, based on factors such as: likelihood and potential cost of the projects, periodic reporting from Finance of all Reserve balances, current and projected, estimated revenues from PIL and other regulatory charges, etc.</li> <li>iii. Matching future capital needs with Reserves and future financing requirements.</li> </ul> | Medium              | <p>Most of the items indicated in this recommendation have already been addressed through the Parking Master Plan and are projects that are scheduled to begin Q1 2021. Specifically:</p> <ul style="list-style-type: none"> <li>i. A review of projects that are appropriate to be closed is conducted quarterly during the Corporate Finance WIP review. Open PN's for Parking Pay-and-Display machines allow for Municipal Parking to react quickly to opportunities for expansion of paid parking management. Otherwise, the turnaround time from opportunity to implementation would be a budget cycle. These PN's will be reviewed and appropriate funds returned to the Parking Reserve. The WIP process will be included in the procedure for budget management.</li> <li>ii. These studies are included in the short-term implementation plan for the Parking Master Plan. They will begin Q1 2021 and each study/strategy will have a unique completion date.</li> </ul> | Efficiency and Effectiveness |

**Transportation & Works Department  
Traffic Management & Municipal Parking Division  
Municipal Parking Section  
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|   |   |        |   |                                     |
|---|---|--------|---|-------------------------------------|
|   |   |        | <p>iii. The Parking Master Plan includes a study to determine the Parking Infrastructure Plan and funding.</p> <p>To be completed by June 30, 2023</p>  |                                     |
| 2 | <p>That Municipal Parking keep a detailed inventory process for equipment and permit tags, including tracking of issues and receipts, periodic count and monthly reconciliations, to prevent loss and theft. Inventories should be reviewed and approved by management on a regular basis.</p>  | Medium | <p>Municipal Parking has a portion of these processes in place and will introduce a step for Manager sign-off of the reconciliation (permits and equipment). Currently, the permit reconciliation and permit destruction steps are done together.</p> <p>To be completed by December 31, 2020</p>   | Safeguarding Assets and Information |
| 3 | <p>That Municipal Parking reinforce the security around payments and the parking system, including:</p> <ul style="list-style-type: none"> <li>i. Verifying collection van storage rack lock and ensuring it is applied by Coin Room staff.</li> <li>ii. Validating authorized users to various data access points (network drives, SharePoint) annually.</li> <li>iii. Requesting Parklink create a periodic password change requirement in the system and, until that is available, manually resetting all passwords annually (at minimum).</li> <li>iv. Eliminating the Parking Coordinator approval rights in Concur, or formally obtaining the appropriate delegation of authority for him.</li> </ul> | Medium | <ul style="list-style-type: none"> <li>i. Municipal parking agrees with the recommendation. Coin Room has been informed of this requirement for completion.</li> <li>ii. Municipal Parking will review the list of users in December of each year with IT.</li> <li>iii. Municipal Parking will contact Precise annually to reset passwords.</li> <li>iv. Municipal Parking will enact dual review in Concur allowing the Parking Coordinator to review. (This has been completed as of November 2020)</li> </ul> <p>To be completed by December 31, 2020</p> | Safeguarding Assets and Information |



**Transportation & Works Department  
Traffic Management & Municipal Parking Division  
Municipal Parking Section  
Paid Parking Audit  
Summary of Audit Recommendations**

|   |  |        |   |   |
|---|--|--------|---|---|
| 4 | <p>That Municipal Parking continue to implement processes that ensure the 2019 Master Plan initiatives (i.e. structure and resourcing, operational, financial) are implemented successfully in a timely and efficient manner. This includes:</p> <ul style="list-style-type: none"> <li>i. Renegotiating the parking surplus allocation percentages to Reserves with Finance.</li> <li>ii. Preparing a cost-benefit analysis on proposed new technologies (2 to 5 year) within the Parking Master Plan versus the potential loss of equipment investment (net book value) to support competitive procurements and/or contract renegotiations.</li> </ul> | Medium | <p>Municipal Parking agrees to this recommendation. The Parking Master Plan includes a comprehensive 5-year implementation plan that will address these items. Specifically:</p> <ul style="list-style-type: none"> <li>i. The short-term phase of the implementation plan includes the development of a Municipal Parking financial strategy that will review the allocation of surplus revenues to the reserve and recommend revised allocation percentages. (Milestone date: June 30, 2023)</li> <li>ii. The medium-term implementation phase of the Parking Master Plan includes the development of a long-term technology plan for parking. (Milestone date: December 31, 2023)</li> </ul> <p>To be completed by December 31, 2023</p> | Efficiency and Effectiveness                                |
| 5 | <p>That Municipal Parking:</p> <ul style="list-style-type: none"> <li>i. Establish Service Level Agreements (SLA's) with key internal business partners (i.e. WOM, F&amp;PM) in consideration of collective agreement requirements,</li> <li>ii. Establish formal communication protocols with key internal stakeholders to ensure Parking is consulted on all corporate reports and/or initiatives that may have an operational or financial impact on Municipal Parking (i.e. construction, special events and</li> </ul>  | Medium | <ul style="list-style-type: none"> <li>i. Municipal Parking to determine key internal business partners and develop SLA's where appropriate.</li> <li>ii. Municipal Parking to develop protocols with internal stakeholders and produce a review process guideline for matters that impact Parking.</li> </ul>  | Compliance with and Clarification of Corporate Requirements |

**Transportation & Works Department  
Traffic Management & Municipal Parking Division  
Municipal Parking Section  
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|   |  |        |   |   |
|---|--|--------|---|---|
|   | festivals, accidents, encroachments, patios, planning initiatives, traffic initiatives, enforcement initiatives, etc.).  |        | To be completed by December 31, 2021  |   |
| 6 | That Municipal Parking keep track of all financial and operational impacts related to other Citywide initiatives.  | Medium | Municipal Parking to begin tracking financial impacts which will be complemented by other Master Plan initiatives, such as the development of a strategy to mitigate parking revenue loss for special events and other uses, including tracking the financial impacts of items.<br><br>To be completed by March 31, 2021  | Operational Control and Financial Reporting                 |
| 7 | That Municipal Parking reinforce existing management review and control processes by: <ul style="list-style-type: none"> <li>i. Creating new audit logs (electronic or manual) on key operational processes (i.e. GPS activity reports, internal and external recoveries from removals and repairs, level 1 and 2 maintenance requests, machine removal and transfers, Citywide initiatives impacting parking and financial impact, etc.).</li> <li>ii. Performing a regular review on the aging of equipment and the history of maintenance repairs to determine whether machines need refurbishment and replacement prior to the end of the contract in 2024.</li> </ul> | Medium | i. Municipal Parking will review and create appropriate tracking logs. Municipal Parking will also investigate with WOM whether these GPS reports can be used to track collections.<br><br>ii. Municipal Parking is currently working with IT to develop an INFOR-based tracking system that will capture location, aging and maintenance information in INFOR with the capabilities to present the information in a map-based graphic interface as well as generate appropriate reports.<br><br>To be completed by June 30, 2021 | Operational Control and Financial Reporting                 |
| 8 | That Municipal Parking ensure that: <ul style="list-style-type: none"> <li>i. Job descriptions with key tasks are completed for all positions.</li> </ul>  | Medium | Municipal Parking agrees with the recommendations. Overall this will require redistribution of staff time to accomplish, and will impact operational capabilities.  | Compliance with and Clarification of Corporate Requirements |

**Transportation & Works Department  
Traffic Management & Municipal Parking Division  
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Paid Parking Audit  
Summary of Audit Recommendations**

|  |  |  |  |
|--|--|--|--|
|  | <ul style="list-style-type: none"> <li>ii. SOP's are created for all key tasks in the job descriptions identifying the frequency (annually, quarterly, monthly, daily) and priority rating (high, medium, low) of each task.</li> <li>iii. Job evaluations are updated for all positions.</li> <li>iv. Backup roles are set up for all positions.</li> <li>v. Proper certification requirements (i.e. bonding certificates or police checks) are obtained for Technicians collecting and transporting coin, and refreshed every two years.</li> <li>vi. Refresher equipment training is provided to Technicians every two years, and logs maintained.</li> </ul> |  | <ul style="list-style-type: none"> <li>i. Municipal Parking agrees with the job description recommendation. (Milestone: March 31, 2021)</li> <li>ii. Municipal Parking agrees with the SOP recommendation. (Milestone: August 31, 2021)</li> <li>iii. Municipal Parking will work with Human Resources to update all job evaluations. (Milestone: December 31, 2022)</li> <li>iv. Municipal Parking agrees with the backup role recommendation. (Milestone: December 31, 2021)</li> <li>v. Municipal Parking to review requirements with Risk Management, Human Resources, WOM to determine whether bonding or police checks are required for staff that perform collections. (Milestone: June 30, 2021)</li> <li>vi. Municipal Parking will provide equipment refresher training for Technicians every two years and set up a training log. Technicians were last trained in 2018. The next training will be</li> </ul> |
|--|--|--|--|

**Transportation & Works Department  
Traffic Management & Municipal Parking Division  
Municipal Parking Section  
Paid Parking Audit  
Summary of Audit Recommendations**

|    |  |        |   |   |
|----|--|--------|---|---|
|    |  |        | in November 2022. (Milestone: April 30, 2021)   |   |
|    |  |        | To be completed by December 31, 2022  |   |
| 9  | That Municipal Parking monitor all contract requirements on an annual basis to ensure all parties remain in compliance and risks are mitigated.  | Medium | Municipal Parking agrees with the contract monitoring recommendation. This process will be added to the Parking Coordinator SOP.<br><br>To be completed by December 31, 2021  | Compliance with and Clarification of Corporate Requirements |
| 10 | That Municipal Parking amend the current Precise contract or subsequent contracts to include third party assurance audits and continued use of the system in the event of vendor default or bankruptcy.  | Medium | Municipal Parking will discuss with Precise these requirements for future inclusion in the contract between the City and Precise.<br><br>To be completed by March 31, 2024 (next contract date)                               | Compliance with and Clarification of Corporate Requirements |
| 11 | That Municipal Parking review and amend the Employee Parking Policy to reflect current processes and controls.   | Medium | The policy has been reviewed and will be updated accordingly. Some policy changes may require additional policies or amendments.<br><br>To be completed by June 30, 2021  | Compliance with and Clarification of Corporate Requirements |
| 12 | That Municipal Parking develop a comprehensive portfolio of financial and operational reports that they feel will monitor operations for unusual trends and possible loss of revenues, theft, or fraud, including: <ul style="list-style-type: none"> <li>- Quarterly and annual financial reporting should include a reconciliation of revenues to general ledger revenues to ensure revenues are accurately reported.</li> <li>- Loss of revenues due to uses for non-parking-related activities (patios, exhibits, events, construction, accidents, etc.).</li> <li>- Coin and credit card payments after parking hours.</li> </ul> | Medium | Municipal Parking will assess the workload impacts of producing these additional reports and will discuss with management the types of reports and resource capacity to produce them.<br><br>To be completed by June 30, 2021 | Operational Control and Financial Reporting                 |

**Transportation & Works Department  
Traffic Management & Municipal Parking Division  
Municipal Parking Section  
Paid Parking Audit  
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|    |   |        |  |   |
|----|---|--------|--|---|
|    | <ul style="list-style-type: none"> <li>- Five-year trends by revenues and expenses.</li> <li>- Odd dollar credit card payments.</li> <li>- Revenues by zone or district.</li> <li>- Coin and credit card splits by machine and district.</li> <li>- Cancelled and declined transactions by machine and district.</li> <li>- Chargebacks for unauthorized use of credit cards.</li> <li>- Level 1 and 2 maintenance requests.</li> <li>- Aging of equipment versus maintenance repairs.</li> </ul>   |        |  |   |
| 13 | That Municipal Parking review posted revenue and expense transactions for accuracy and timeliness on a regular basis (i.e. quarterly).  | Medium | <p>Municipal Parking will review budget quarterly.</p> <p>To be completed by April 30, 2021</p>  | Operational Control and Financial Reporting |
| 14 | <p>That Municipal Parking work with the City's Emergency Operations Team to develop a formal emergency contingency plan for unexpected or emergency events such as strikes, climate events, system failures, etc. The plan should include, among other requirements:</p> <ul style="list-style-type: none"> <li>• roles and responsibilities</li> <li>• critical processes to be performed</li> <li>• service level adjustments</li> <li>• handling of revenues and collection</li> <li>• record-keeping and tracking</li> <li>• recoveries and contractual provisions with Precise</li> <li>• controls for any amended or new processes</li> </ul> | Medium | <p>A Municipal Parking business continuity plan (resources, tools, location, risks, etc.) has been drafted and is currently under review. The next phase of the emergency planning process is to work with EOC operations to develop contingency plans for possible future events impacting parking.</p> <p>To be completed by December 31, 2021</p> | Operational Control and Financial Reporting |

City of Mississauga  
**Internal Audit Report**

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TRANSPORTATION AND WORKS DEPARTMENT  
WORKS OPERATIONS AND MAINTENANCE DIVISION  
WORKS ADMIN, OPERATIONS AND MAINTENANCE SECTION  
WORKS OPERATIONS, SIGNS AND PAVEMENT MARKINGS UNIT  
SIGNS AND PAVEMENT MARKINGS AUDIT

November 30, 2020

City Manager's Department  
Internal Audit Division

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WORKS OPERATIONS AND MAINTENANCE DIVISION  
WORKS ADMIN, OPERATIONS AND MAINTENANCE SECTION  
WORKS OPERATIONS, SIGNS AND PAVEMENT MARKINGS UNIT  
SIGNS AND PAVEMENT MARKINGS AUDIT**

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**Transportation and Works Department  
Works Operations and Maintenance Division  
Works Administration, Operations and Maintenance Section  
Works Operations, Signs and Pavement Markings Unit  
Signs and Pavement Markings Audit**

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## **BACKGROUND**

The Signs and Pavement Markings Unit is responsible for creating a variety of signs for use throughout the city and to maintain roadway lines and signs that organize traffic and advise motorists.

Signs produced and installed by the unit provide guidance or information to the public and are used by a variety of businesses, including traffic operations, road safety, parks, and facilities and construction, among others. Usually, the unit does not produce regulatory and warning signs, which are purchased from a supplier; however, it has the capability to manufacture them if there is an urgent need.

The unit is accountable for the application, re-application and inspection of all longitudinal (centreline), transverse (including turn arrows) and railway crossing markings in the city. There are approximately 5,600 lane kilometres in the city.

Both signs and pavement markings must comply with provincial legislation and must meet provincial minimum maintenance standards. In 2017, the responsibility of removing nuisance signs and permitted signs that are on display after the sign permit has expired, was added to the Signs and Pavement Markings Unit's responsibilities.

The Manager of Works Operations oversees the operation of the Signs and Pavement Markings Unit and the day-to-day functions are led by a Supervisor and Assistant Supervisor. The unit is comprised of 25 CUPE 66 unionized staff who work both in the Sign Shop and in the field, and is based in the Mavis Works Depot. At the initial stages of the audit, the then Supervisor resigned voluntarily to join another municipality in a similar capacity. The new Supervisor started during the course of the audit.

The 2019 operating budget for the Signs and Pavement Markings Unit was \$3.58 million, while revenues (comprised of chargebacks and recoveries) were approximately \$678,000.

## **SCOPE**

The focus of this audit was to examine the risk mitigation for the business operations with emphasis on payments, inventory, and compliance with provincial regulations, applicable by-laws, corporate policies and procedures. The work performed by two (2) Paid Parking Meter Technicians regarding the collection of money from the City's parking meters was excluded from the audit scope, as this is being covered in the 2020 Paid Parking 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 assess if:

- A) Sign and pavement marking acquisitions and agreements and any related amendments/changes are conducted, approved, monitored, documented and retained in accordance with the City's Purchasing By-law, applicable corporate policies and procedures and good business practices;
- B) Payments are properly calculated, adequately supported, approved and processed in accordance with the terms and conditions of the applicable contract/agreements;
- C) There is liability insurance coverage, WSIB, contract performance securities, warranties, etc. where applicable to mitigate any risk exposure to the City;
- D) There are adequate inventory controls over hand tools and sign and pavement marking materials including receipt, storage/stocking, safeguarding, issuing and accurate recording of inventory;
- E) Signs are created, installed, controlled and managed in accordance with good business practices and applicable provincial legislation;
- F) Pavement marking application and re-application, including rumble strips, if applicable, are completed, inspected and monitored to ensure they meet or exceed provincial legislation and/or best practices;
- G) Cost of work performed (time and materials) by staff and third parties, including contract terms and conditions and regulatory requirements, are reviewed, supported, monitored and adhered to;
- H) Departmental procedures are clearly and comprehensively documented and comply with applicable legislation, industry standards, City By-laws, corporate policies and procedures and departmental requirements.

## SUMMARY OF OBSERVATIONS

Based on the work performed, Internal Audit concluded that:

- Acquisitions and agreements followed the Purchasing By-law (Objective A).
- A systematic error in invoicing by one vendor was detected by the new supervisor and then validated by Internal Audit. Management advised us that the vendor has agreed to repay the City the bulk of the excess payments. Further detail is provided under "Key Recommendations" below. Payments to other vendors, reviewed by Internal Audit on a sample basis, were properly calculated, adequately supported and approved. However, some payments were being charged to cost centres of the Sign Shop's former division, rather than Works Operations and Maintenance (Objective B & Objective G).
- The vendor for Pavement Markings presented adequate liability coverage, WSIB and warranties. As for sureties, the previous Senior Manager of the area, who left in 2019,

had the bid surety reduced from \$100,000 to \$25,000. Justification or rationale was not documented. This could limit the City's ability to cover eventual losses with the vendor's services (Objective C).

- An inventory system to track receipt, storage, consumption and purchasing of tools, materials and supplies has not been implemented. Further detail is provided under "Key Recommendations" below (Objective D).
- Accountability over the maintenance of signs across the city is not clearly defined and several instances of outdated and hard-to-read signs were observed. Further detail is provided in the "Key Recommendations" section below (Objective E).
- Pavement marking application and re-application were completed and compliant with City and Provincial standards, with inspectors monitoring its execution on a regular basis, albeit with opportunities for improvement. The Division decided to move this responsibility to Technical Services (Objective F).
- Staff performing the various tasks in the unit are knowledgeable about the process and their key responsibilities; however, there is no formal documentation for each task. The job descriptions present some discrepancies regarding the roles and responsibilities of each position. Procedures need to be documented to ensure practices are consistent and corporate policies are followed (Objective H).

In addition to the initial scope of the audit, we noted that the physical space where the Sign Shop is located has been modified throughout the years by its own staff, at times resulting in possible breach of the Building Codes. A work group involving several disciplines then inspected the locations, addressed immediate concerns, and prepared a plan to correct the remaining issues throughout 2021 and up to March 2022.

## Key Recommendations

All observations and recommendations were presented in detail to management of the Signs and Pavement Markings Unit and divisional leadership, who developed action plans to address them. Where the observations required the participation of other divisions (F&PM, IT, MM and Finance), the corresponding leadership was also included in the communication and agreed with the action plans and target timeframes for implementation.

Appendix A outlines the detailed recommendations, together with the action plans and timelines proposed by management. Our key recommendations and observations are further detailed below.

### **Formally establish an inventory system to ensure supplies are purchased, received and used properly**

Materials and supplies used by the unit are purchased via invoices or procurement cards and stored in the locked buildings at the rear of the Mavis Yard. Internal Audit noted that an inventory system, whether manual or electronic, has not been implemented.

In particular, we noted that there was no designated area for the receipt of materials (which was established during the audit), inventory has not been regularly counted, and receipts are not reconciled with the materials consumed.

As a result, this situation reduces the ability to prevent losses, identify missed or misused inventory, detect waste and obsolescence, manage replenishment and validate the inventory book value.

In addition, we also noted that there are no periodic changes to the electronic access code to the storage building.

Management advised us that a project to create an inventory system was expected to commence this past spring, but was delayed due to the pandemic. Information Technology will work with the Signs and Pavement Markings Unit to implement an initial inventory system by mid-2021 and initiate a project for a more robust system tying with electronic work orders in the future.

### **Establish clear ownership for the lifecycle of City-issued signs**

City-issued signs provide residents and visitors with important information about the law, warnings, directions and other relevant information. They are posted to enhance the safety and well-being of drivers, passengers, cyclists and pedestrians.

However, the responsibilities around the lifecycle of the signs have not been clearly defined; as a result, the audit found a number of informational and directional signs that were outdated, in poor condition or hard to read.

A notable positive exception is the new system being implemented by Parks and Forestry, which aims to minimize the number of signs required and implement a dedicated team to monitor their condition.

For the remaining business units, a Signs Management process will need to be implemented to ensure proper guidance and information to citizens and minimize reputational risks.

Note that our analysis does not include regulatory and warning signs, which are acquired externally and are not part of the scope of this audit.

### **Ensure vendor invoices are adequately scrutinized and costs compared against the contract agreement**

During the audit, a new Supervisor was assigned to the unit. When analyzing new invoices for the 2020 pavement markings repainting season, the new Supervisor identified systematic errors in the invoices issued by the contractor. Such errors were concentrated in the repainting of stop bars and crosswalk lines.

At that point, the invoices were retained without payment and an analysis of the previous invoices within the same contract was performed by the unit and validated by Internal Audit. This analysis revealed that the problem had been occurring since the inception of the contract in 2017, causing excess payments of \$790K.

The error likely originated due to incorrect process adjustments after a change in the width of stop bars in 2017 from 450mm to 500mm. Vendor staff multiplied the linear measurements by 5, apparently interpreting that the unit price was for a 100mm width. In 2018, the City changed

the width to 600mm and the invoices started to come with a multiplication by 6. However, the unit price in all cases already accounted for the adjusted width, not needing to be corrected by such multiplier.

Internal Audit later identified imprecisions in the measurements in a sample of 20 intersections, which, if representative of all measurements, would indicate an estimated additional \$60K in overpayments in the 3 years.

Management advised that the contractor affirmed that the errors were involuntary due to the change in the width of the stop bars, and agreed to return the \$790K to the City by means of a credit to be applied against their work for 2020, which is expected to be sufficient to cover this credit.

### **Ensure physical space complies with building codes to safeguard the health and safety of employees**

The physical space where the Signs and Pavement Markings Unit is located presented several changes from the approved plan, which were effected directly by its employees, without participation from Facilities and Property Management and at times without the required permits. These changes included, among others, adding walls, building a lunchroom containing new electric equipment and installing piping and new equipment. Management indicated that the changes started in 2010 and gradually accumulated over the years.

Internal Audit noted that some changes resulted in potential safety concerns, such as partially blocking sprinklers, lunchroom with difficult access to the exits, and overflow of the electric water heater being discharged into an eye-washing sink.

A workgroup comprised of representatives of Works Operations and Maintenance, Facilities and Property Management, and Health and Safety later inspected the building and identified several items that need correction. The group then initiated short-term measures to contain items of immediate concern, but determined that there were no imminent health and safety risks that would warrant closing the location during remediation.

The remaining items, which relate to compliance with building codes and permitting, are being addressed through F&PM and are expected to be corrected throughout 2021 and until March 2022. As a further control, staff are no longer allowed to purchase construction materials and equipment not directly required for sign installation.


## **CONCLUSION**

Based on the observations above, Internal Audit assessed the control environment at the Signs and Pavement Markings Unit as requiring improvement. While many of the core activities are being discharged properly, the lack of inventory controls over materials and the unclear accountabilities around maintenance of the non-regulatory signs impair the objectives of efficient and effective operations. Additionally, the overpayment to a supplier for an extended period, while not occurring with other vendors in the sample, denotes the need for added scrutiny of financial matters.

On a positive note, the issue with overpayments was identified by the new Supervisor, who has exercised more scrutiny and also demonstrated commitment to solving the other issues presented in the report. Similarly, divisional management has been supportive of the solutions agreed upon.

A total of 16 recommendations resulted from this audit. Details of the audit recommendations and management comments can be found in Appendix A.

Management has agreed to all the recommendations. One (1) will be completed by the end of December 2020; one (1) will be completed by end of March 2021; five (5) will be completed by the end of June 2021; one (1) by end of September 2021; five (5) by end of December 2021; two (2) will be completed by March 31, 2022, and the final one (1) at the end of December 2023.



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Luis H. Souza, CPA, CMA, CIA  
Director, Internal Audit

Auditor: Barb Webster  
Senior Internal Auditor

**Transportation and Works Department  
Works Operations and Maintenance Division  
Works Admin, Operations and Maintenance Section  
Works Operations, Signs and Pavement Markings Unit  
Signs and Pavement Markings Audit  
Summary of Audit Recommendations**

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| Rec | Recommendation  | Priority<br>(H/M/L) | Comments/Status   | Classification  |
|-----|---|---------------------|---|---|
| 1   | That the S&PM Unit work in conjunction with F&PM to correct all inconsistencies and non-compliance with the Building Code, requesting permits when necessary. Priority should be given to situations that pose health and safety hazards, such as fire and building code violations and deficient working conditions. | H                   | Management agrees as does Facilities and Property Management. Currently F&PM has a consultant working on scoping the work that needs to be done. Any immediate life and fire safety issues will be addressed by F&PM immediately and then prioritized items will be addressed through the project plan. According to F&PM's timeline, WOM Management agrees with the recommendation target date.<br><br>To be completed by March 31, 2022 | Compliance with and Clarification of Corporate Requirements |
| 2   | That the employees of the S&PM Unit be forbidden to effect changes themselves and be forbidden to buy construction materials and equipment that is not for the use of sign installation.  | H                   | Management agrees, will communicate to employees and add a standard operating procedure as per recommendation #9.<br><br>To be completed by December 31, 2021   | Compliance with and Clarification of Corporate Requirements |
| 3   | That the kitchen be demolished in order to provide more work space.   | H                   | Management agrees. Facilities and Property Management agreed with the action plan and timing. Due to Covid-19, lunch room will stay in place to provide space for staff until restrictions are lifted. Wall will be removed; however, timing is dependent on the priority assigned by the Consultant hired by F&PM.<br><br>To be completed by March 30, 2022  | Efficiency and Effectiveness                                |

**Transportation and Works Department  
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|   |   |   |  |   |
|---|---|---|--|---|
| 4 | That equipment that is no longer useful is disposed of according to the Disposal of City Assets Policy (03-06-10).  | H | Management agrees.<br><br>To be completed by December 31, 2020   | Compliance with and Clarification of Corporate Requirements |
| 5 | That an inventory system be developed to keep track of material and supplies purchased, received and issued, and that procedures be developed for conducting and completing a systematic inventory count. | H | Management agrees as does Information Technology. They will be working with Information Technology's assistance to: <ul style="list-style-type: none"> <li>a) set up an inventory in the unit (expected timeline six to eight months);</li> <li>b) deep dive on procedures (12-18 months; dependent on new hires);</li> <li>c) develop required Standard Operating Procedures (three to six months);</li> <li>d) build the structures through the IT process (three to six months).</li> </ul><br>To be completed by December 31, 2023 | Safeguarding of Assets and information                      |
| 6 | That Signs and Pavement Markings work with Corporate Finance to review and update the cost centres and amend the budget going forward.  | M | Management agrees. Works Operations and Corporate Finance management agree to work together to resolve this recommendation.<br><br>To be completed by June 30, 2021  | Operational Control and Financial Reporting                 |
| 7 | That the General Fees and Charges By-law Schedule "B-1" be updated to accurately reflect the fees charged by the Signs and Pavement Markings Unit.  | M | Management agrees. Will ensure it is done for the 2021 Fees and Charges By-law.<br><br>To be completed by December 31, 2021  | Operational Control and Financial Reporting                 |



**Transportation and Works Department  
Works Operations and Maintenance Division  
Works Admin, Operations and Maintenance Section  
Works Operations, Signs and Pavement Markings Unit  
Signs and Pavement Markings Audit  
Summary of Audit Recommendations**

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|    |   |   |   |   |
|----|---|---|---|---|
| 8  | That clear ownership for the lifecycle of City-issued signs be established and a review be completed to determine if the signs are needed.  | M | Management agrees.<br><br>To be completed by December 31, 2021  | Compliance with and Clarification of Corporate Requirements |
| 9  | That formally documented Standard Operating Procedures (SOPs) be developed, reviewed annually and approved by management.   | M | Management agrees.<br><br>To be completed by December 31, 2021  | Compliance with and Clarification of Corporate Requirements |
| 10 | That job descriptions be reviewed and updated to accurately reflect the roles and responsibilities of the staff in the Signs and Pavement Markings Unit.  | M | Management agrees.<br><br>To be completed by June 30, 2021  | Compliance with and Clarification of Corporate Requirements |
| 11 | That Signs and Pavement Markings record all staff training on a spreadsheet and keep it in a central repository (eventually in SuccessFactors, Learning Management System, timing according to HR Work Plan) and assessments be mandatory for employees who have completed job required training, and results be retained for record-keeping. | M | Management agrees. Learning and Organizational Development in Human Resources has agreed to develop a standardized learning record spreadsheet (including naming conventions, name and employee number, type of training, name of training). Will work on a long-term plan to determine job-specific required training and to implement training records into SuccessFactors, Learning Management System.<br><br>To be completed by June 30, 2021 | Compliance with and Clarification of Corporate Requirements |
| 12 | That a sign replacement program be implemented in order to comply with the minimum maintenance standards as set out in the Municipal Act.   | M | Management agrees.<br><br>To be completed by June 30, 2021  | Compliance with and Clarification of Corporate Requirements |
| 13 | That Signs and Pavement Markings staff follow the Works Operations & Maintenance Contract Cost Management Procedures.   | M | Management agrees. Standard Operating Procedure will be developed to ensure invoices are scrutinized.   | Compliance with and Clarification of Corporate Requirements |

**Transportation and Works Department  
Works Operations and Maintenance Division  
Works Admin, Operations and Maintenance Section  
Works Operations, Signs and Pavement Markings Unit  
Signs and Pavement Markings Audit  
Summary of Audit Recommendations**

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|    |  |   | To be completed by December 31, 2021   | Corporate Requirements                                      |
| 14 | That all painted intersections (stop bars and crosswalks) be measured to ensure vendor compliance.   | M | Management agrees. Currently working with Technical Services to gather information to be ready for new contract.<br><br>To be completed by June 30, 2021   | Compliance with and Clarification of Corporate Requirements |
| 15 | That the function of inspecting pavement markings be moved to Technical Services Inspectors.   | M | Management agrees. Will work with Technical Services on the transition.<br><br>To be completed by March 31, 2021   | Compliance with and Clarification of Corporate Requirements |
| 16 | That the holdback amount be at least the minimum of 5% for non-construction and that Materiel Management approve all changes to sureties and retain justification documentation. | M | Materiel Management now writes and posts all addendums. Procurements are posted on Bids and Tenders. Procurement Surety Policy to be reviewed and updated as necessary and staff will be trained on the updated policy.<br><br>To be completed by September 30, 2021 | Operational Control and Financial Reporting                 |

City of Mississauga



# Memorandum

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To: Chair and Members of the Audit Committee

From: Allyson D'Ovidio, Legislative Coordinator

Date: December 7, 2020

Subject: 2021 Audit Committee Meeting Dates

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The 2021 meeting dates for the Audit Committee have been scheduled as follows:

Monday, March 1, 2021  
Monday, May 3, 2021  
Monday, September 20, 2021  
Monday, December 6, 2021

All Committee meetings are currently scheduled at 9:30 AM as an Online Video Conference until further notice.

Meetings may be cancelled at the call of the Chair due to insufficient agenda items or lack of quorum.

Please kindly contact the Legislative Coordinator in advance of the meeting if you will be absent or late so that quorum issues can be anticipated and dealt with accordingly.



Allyson D'Ovidio  
Legislative Coordinator  
(905) 615-3200 ext. 8587  
[allyson.dovidio@mississauga.ca](mailto:allyson.dovidio@mississauga.ca)

City of Mississauga



# Memorandum

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To: Chair and Members of the Audit Committee

From: Allyson D'Ovidio, Legislative Coordinator

Date: December 7, 2020

Subject: 2021 Audit Committee Chair Duty

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Further to the Recommendation below, Councillor Dipika Damerla (Ward 7) will be taking over the role of Chair of the Audit Committee, effective January 1, 2021.

*AC-0001-2019*

*That Councillor Ron Star be appointed as Chair of the Audit Committee for a term ending December 31, 2020 and that Councillor Dipika Damerla be appointed as Chair of the Audit Committee for a term beginning January 1, 2021 to November 14, 2022.*

Thank you,



Allyson D'Ovidio  
Legislative Coordinator  
(905) 615-3200 ext. 8587  
[allyson.dovidio@mississauga.ca](mailto:allyson.dovidio@mississauga.ca)