



Appendix 1

The Corporation of The City of Mississauga

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

KPMG LLP

Licensed Public Accountants

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

kpmg.ca/audit

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Digital use information

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

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



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

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

Audit highlights



No matters to report



Matters to report – see link for details

Scope

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

Audit strategy

Materiality
Group : \$32,400,000

Involvement of others

Updates to our prior year audit plan

Audit strategy - group audit

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

Involvement of other KPMG member firms

Involvement of non-KPMG firms

Risk assessment

Risk of management override of controls

Presumed risk of fraudulent revenue recognition

Other areas of focus

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

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Updates to our prior year audit plan

New significant risks

No new significant financial reporting risks identified.

Other significant changes



Newly effective accounting standards



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

Newly effective accounting standards 



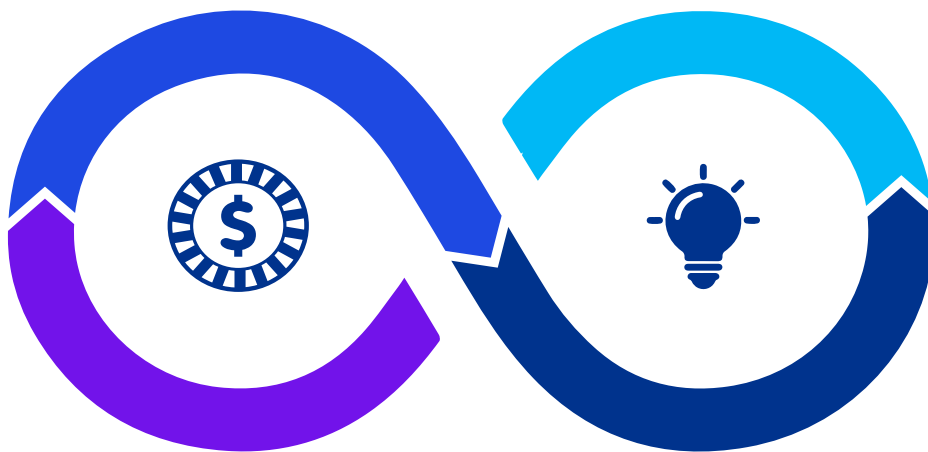
Newly effective auditing standards



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

Newly effective auditing standards 

Materiality



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

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

Plan and perform the audit

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

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

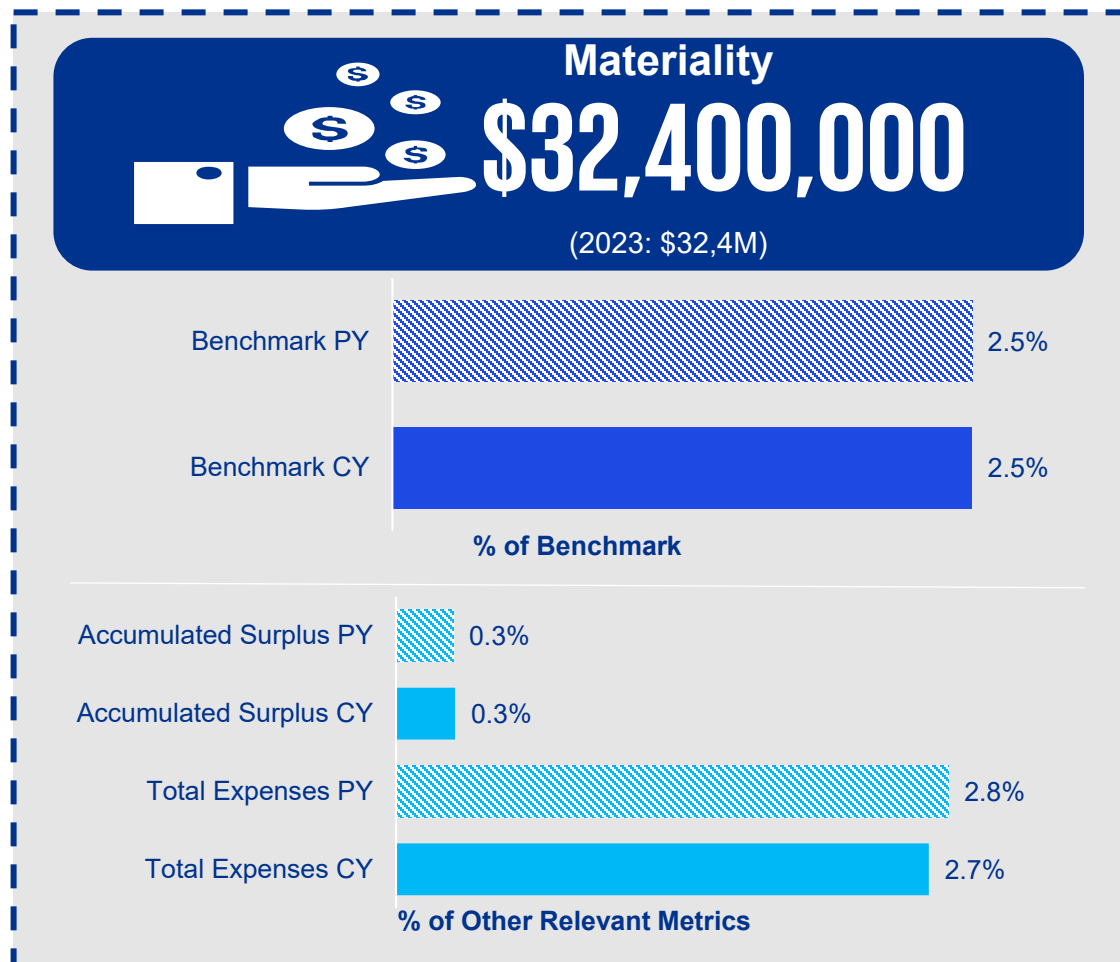
We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

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

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

Initial materiality (Group Materiality)



Forecasted Revenues

\$1,299,000,000

(2023 benchmark: \$1,39B)

Forecasted Expenses

\$1,074,000,000


(2023 actual: \$1,08B)

Forecasted Accumulated Surplus

\$10,079,000,000

(2023: \$9,85B)

Initial materiality (Component Materiality)

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

Involvement of others


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

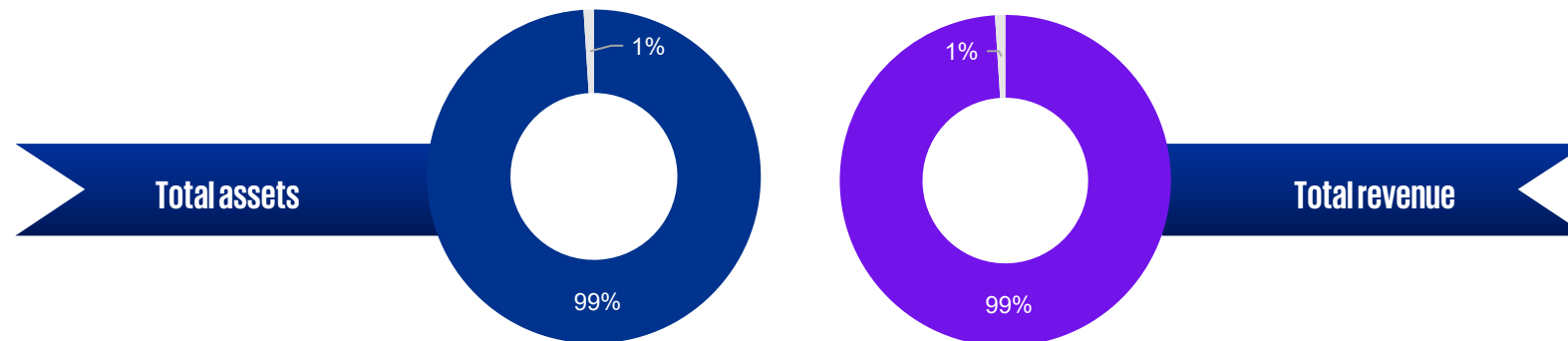
Involved party	Nature and extent of planned involvement
Management's specialists	<ul style="list-style-type: none">• The management uses actuary for valuation of employee future benefit obligations. KPMG has decided to validate the report provided by the actuary and involve internal life and pension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

Group audit - Scoping

Breakdown by audit participants



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



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

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

Group audit – Audit participants

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

Risk assessment summary

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

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

We use advanced technologies in performing our risk assessment procedures.

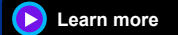
	Area of Focus	Risk of fraud	Risk of error	Risk rating
●	Management Override of Controls	✓		Significant
●	Cash and Cash Equivalents		✓	Base
●	Funding Transfers from Other Governments		✓	Base
●	Tangible Capital Assets		✓	Base
●	Revenue and accounts receivable		✓	Base
●	Deferred Revenue – Obligatory Reserve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

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

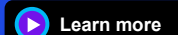


Advanced Technologies

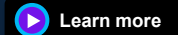
Our **KPMG Clara Dynamic Risk Assessment** tool gives us a more sophisticated, forward-looking and multi-dimensional approach to assessing audit risk.



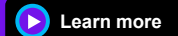
Our **KPMG Clara Business Process Mining** provides immediate visualization of how 100% of your transactions are processed to complement your process narratives & flow charts.



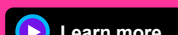
KPMG Clara Account Analysis allows us to analyze the flow of transactions through your business to drive a more meaningful risk assessment.



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



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



Significant risks



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

RISK OF



FRAUD

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

Why is it significant?

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

Our planned response

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

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

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

Advanced technologies

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



[Click to learn more](#)

Significant risks



Presumption of the risk of fraud involving improper revenue recognition

RISK OF
FRAUD

Significant risk

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

Estimate?

No

New or changed?

No

Relevant inherent risk factors affecting our risk assessment

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

Our audit approach

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

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

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

Advanced Technologies

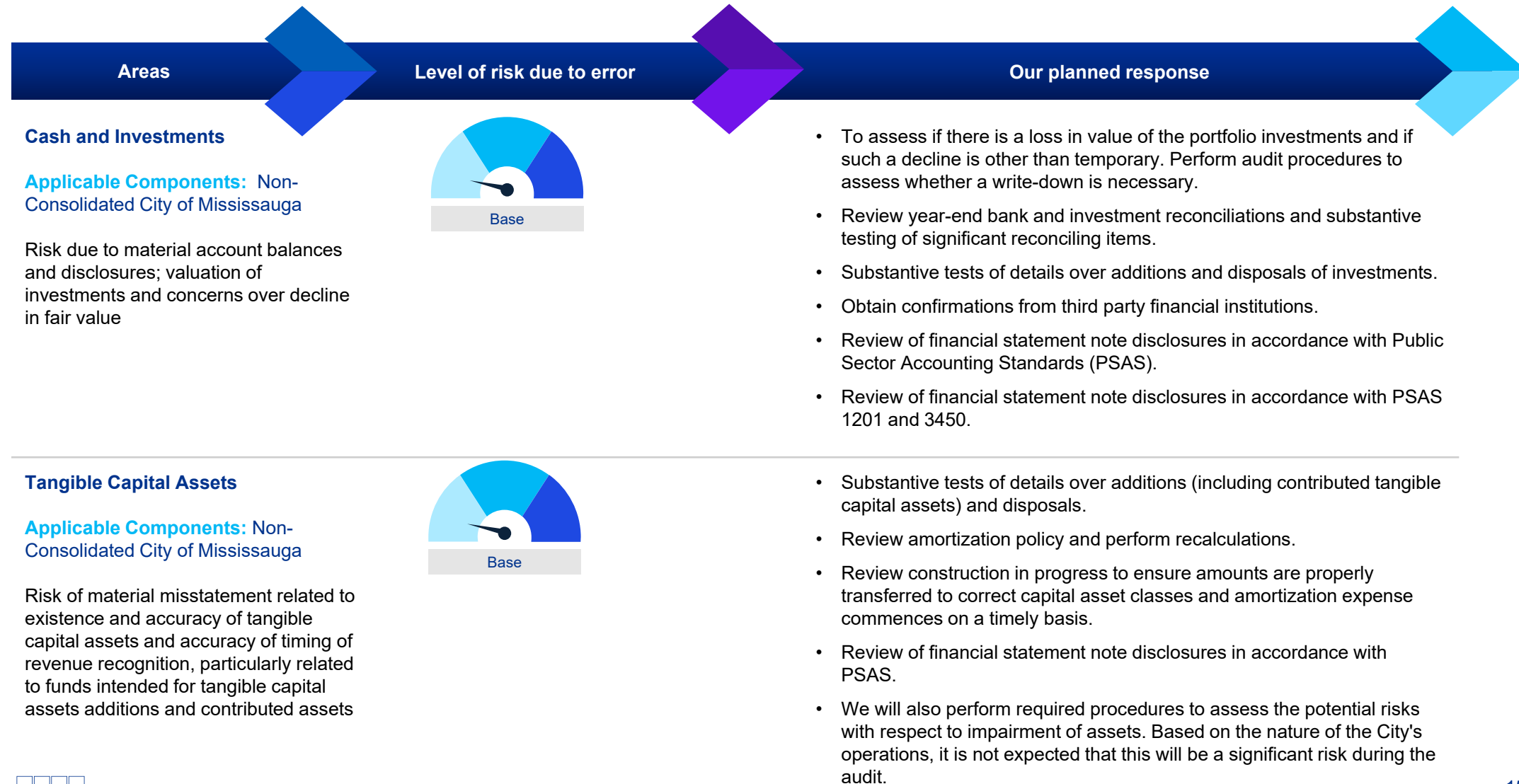
Our KPMG Clara Journal Entry Analysis Tool

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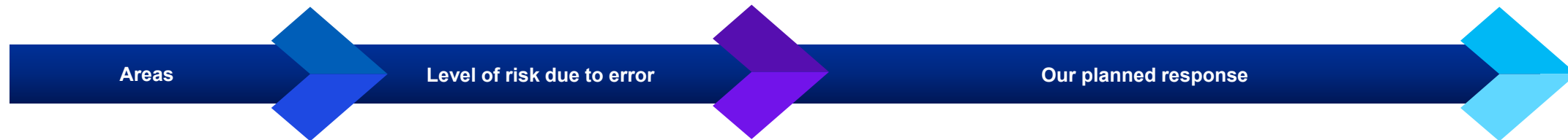


Click to learn more

Other risks of material misstatement



Other risks of material misstatement

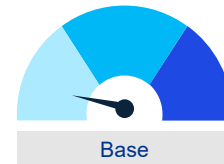


Revenue and accounts receivable

Funding Transfers from Other Governments

Applicable Components: Non-Consolidated City of Mississauga

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

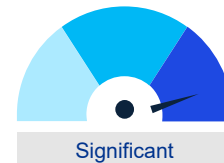


- Audit revenue transactions to supporting documentation on a sample basis to assess whether revenue recognition is appropriate.
- Obtain confirm for significant individual receivable balance.
- Obtain the schedule of grant revenues for the year under audit.
- Obtain the funding letters and trace the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

Deferred Revenue – Obligatory Reserve Funds

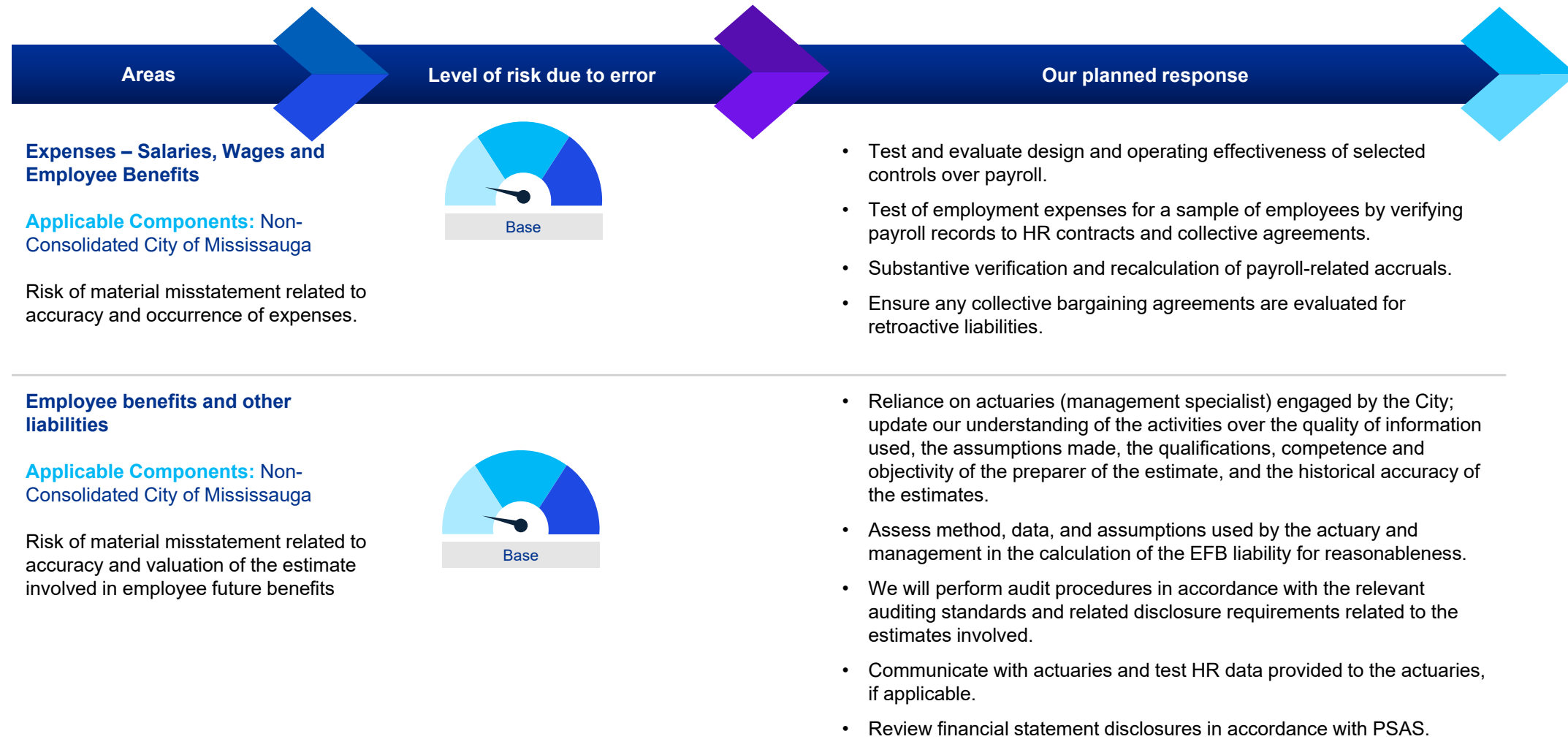
Applicable Components: Non-Consolidated City of Mississauga

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

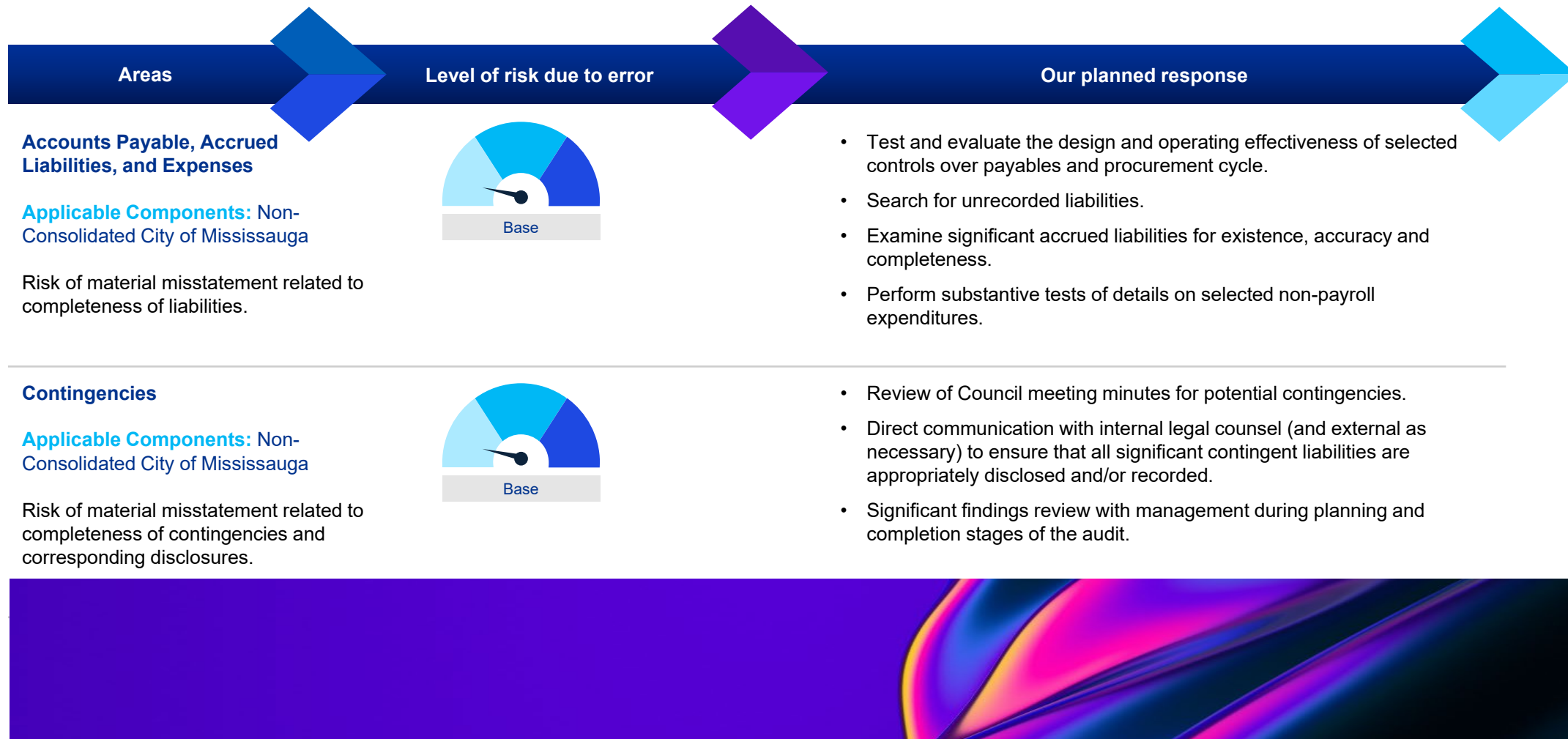


- Update our understanding of the activities over the initiation, authorization, processing, recording and reporting.
- Review the City-prepared calculation of deferred revenue balance and vouch receipts and expenditures on a sample basis. As part of our testing, we ensure recognition of revenue is based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

Other risks of material misstatement



Other risks of material misstatement



Required inquiries of the audit committee



Inquiries regarding risk assessment, including fraud risks

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



Inquiries regarding company processes

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



Inquires regarding related parties and significant unusual transactions

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

Key milestones and deliverables

July-October 2024

Planning & Risk Assessment

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

November 2024

Risk assessment & Interim work

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

Feb-March 2025

Final Fieldwork & Reporting

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

April-May 2025

Post-audit

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

How do we deliver audit quality?

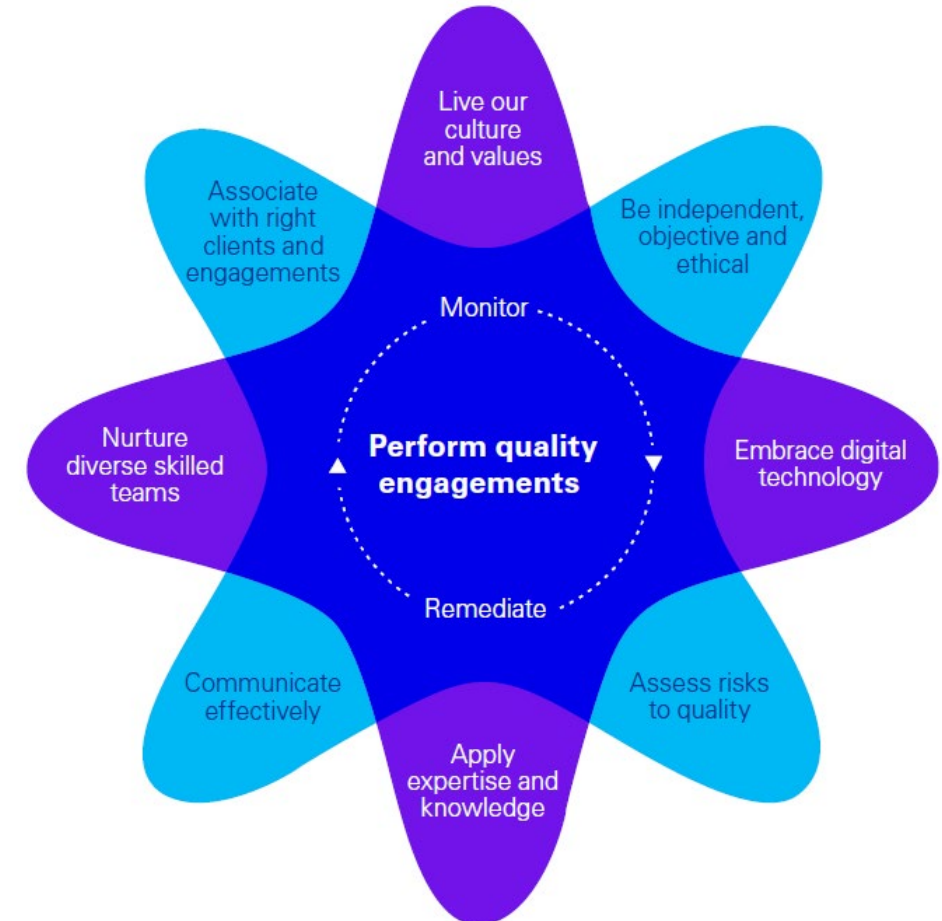
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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

[!\[\]\(47734e4656765d20df4fdbd5b7aff048_img.jpg\) KPMG Canada Transparency Report](#)

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

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



Doing the right thing. Always.

Appendices



Required communications



Use of technology



New accounting standards



Upcoming changes in accounting standards



New auditing standards



Audit assurance and insights



Environmental, social and governance (ESG)



Internal audit municipal service offering



Cyber for municipality



Unleashing tomorrow – today with AI



Appendix A: Regulatory communications



CPAB communication protocol

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

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

Appendix B: Our technology story



Streamlined client experience

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



Secure

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



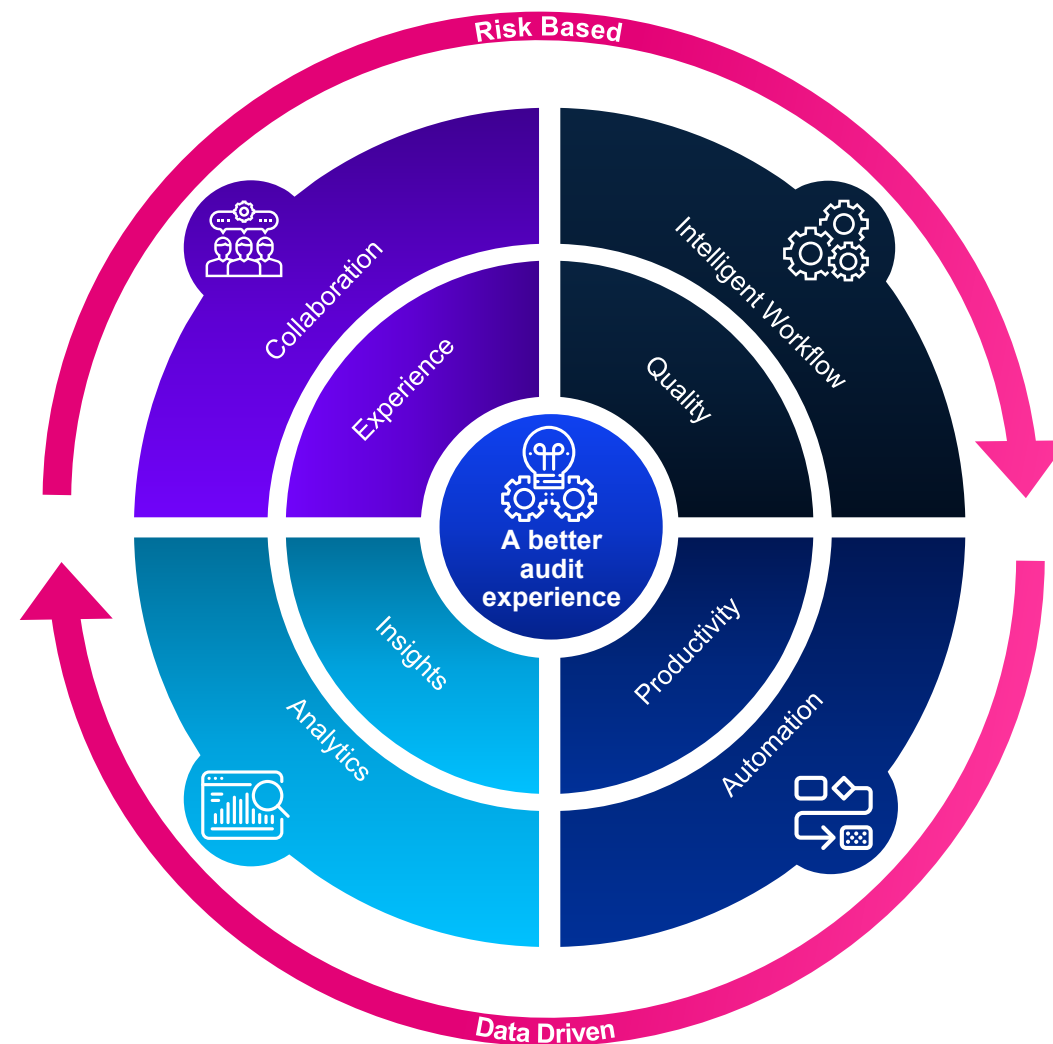
Intelligent workflow

An intelligent workflow guides audit teams through the audit.



Increased precision

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



Appendix B: Continuous evolution

Our investment: \$5B

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

Responsive delivery model

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

Result: A better experience

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



Appendix C: New accounting standards

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

Appendix C: New accounting standards (continued)

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

Appendix D: Upcoming changes in accounting standards

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

Appendix D: Upcoming changes in accounting standards (continued)

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

Appendix E: Newly effective and upcoming changes to auditing standards

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

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

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

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....
Communications with those charged with governance

ISA 700/CAS 700

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

Appendix F: Audit and assurance insights

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

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

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

Audit Committee Guide – Canadian Edition

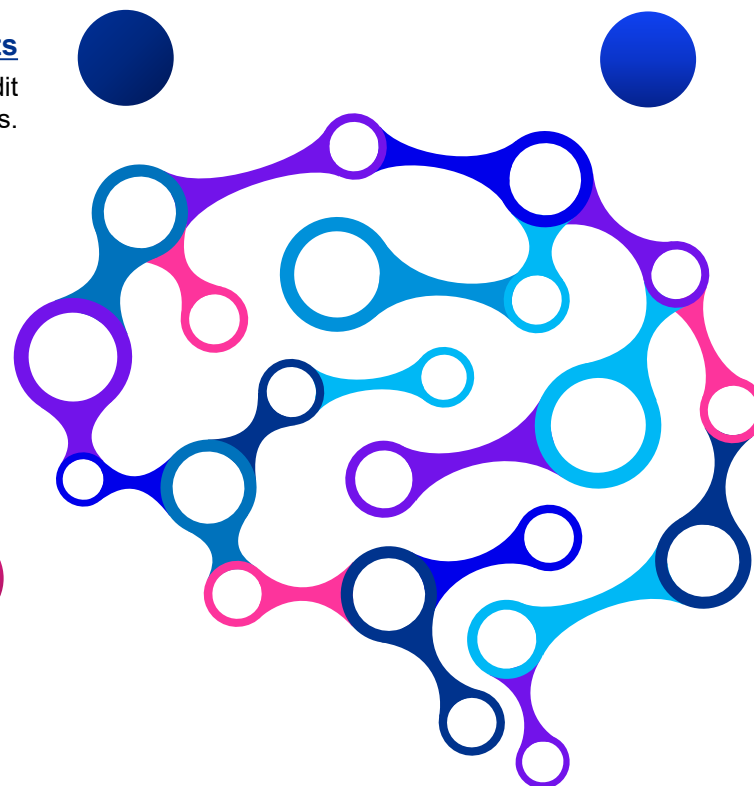
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

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



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

Key Facts



Competition Act

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



Penalties

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

Scope

Bill C-59 includes prohibitions relating to:

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

Key Considerations

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

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

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

Assess

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

Substantiate

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

Implement

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

In case you missed our recent webinar on this topic:

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

Appendix G: Frequently Asked Questions

When is Bill C-59 in force?

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

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

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

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

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

What corporate documents and communications does this affect?

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



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

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

A coordinated ESG strategy is essential for municipalities

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

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

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



How to start: ESG Discovery sessions



OVERVIEW

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



WHO CAN BE INVOLVED

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



DISCOVER

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



SESSION OUTCOMES

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

Considerations for your leadership team

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



Appendix H: Municipal Government Service Offerings

Governance, Risk and Compliance Services



Overview

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

Experience

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

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

Client list

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



Appendix I: Municipalities in the news

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

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

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

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



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

Second Ontario municipality reports cybersecurity incident within three weeks

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

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

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

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

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

NORTHERN ONTARIO | News

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

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

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

Hamilton cybersecurity breach continues to paralyze city services

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

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

WARD SOLOMON

JULY 11, 2023

Nova Scotia

Personal information 'likely stolen' in Kings County cyberattack

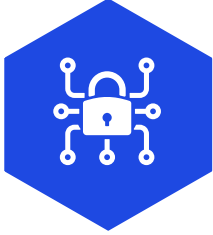
Councillors, staff and others impacted by July incident

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

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

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

Appendix I: How can a cyber attack impact you?



Organizational Disruption

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

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



Associated Costs

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

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

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



Reputational Damage & Residents Impact

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

Appendix I: What is a cyber resilient organization?

Preparation

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

Protection

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

Detection

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

Response & Recovery

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

What is a cyber resilient municipality?

01

Risk Prioritization

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

02

Implement the Basics

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

03

Defence in Depth

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

Appendix I: Steps to building cyber resilience

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

1 – Understand Current State

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

4 – Increase Resilience

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



2 – Test your Technology

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

3 – Validate Response

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



Appendix J: Unleashing tomorrow, today with AI



Business strategy with AI disruption

Turn AI into a cornerstone of sustainable, competitive growth.

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

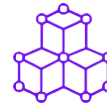
It's not just about tech; it's about people, striving to ensure smooth transitions and unlocking human potential alongside AI innovations.

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



Assessing opportunities

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



Scaling AI initiatives

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



Competitive edge

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

Brighter business intelligence, powered by AI

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

Executive training

Explore and test

Evolving the operating model (Technology)

Implementing solutions

Business strategy - AI disruption

Optimizing data structure

Maximizing Microsoft Copilot integration

Governing and managing risk



Appendix J: 4 key phases of a successful AI strategy



Understand

01

Hyper Diagnostic

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

AI readiness assessment

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

Perspective on AI strategy

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



Design

02

Risk Assessment

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

Opportunity assessment

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

Present available subsidy and grant options for relevant AI projects.



Initiate

03

Stakeholder involvement

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

Financial implications and opportunity validation

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

Strategic roadmap

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



Operationalize

04

Transform technology services with generative AI

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

Define the IT delivery model for solutions.

Enterprise architecture adapted to AI

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

Define a Target Operating Model

Orchestrate business capabilities

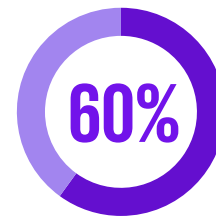
Orchestration of all business practices and underlying IT capabilities necessary for operationalization.

Appendix J: AI Education and Training for executives and boards

Start your AI journey with confidence.



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



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

Change starts with you

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

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



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

Appendix J: A three-part training program

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



Updated overview of this fast-paced technology

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



Technology demonstrations

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



Brainstorming workshops

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

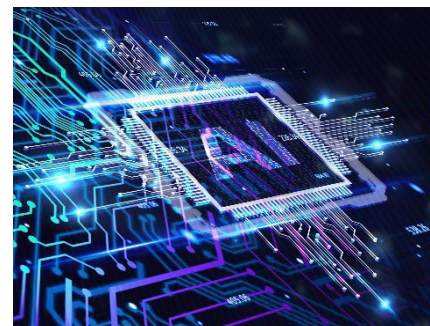
KPMG, a leader in generative AI

200+

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

800+

Tailor-made use cases for all business sectors.



50+

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





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

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