



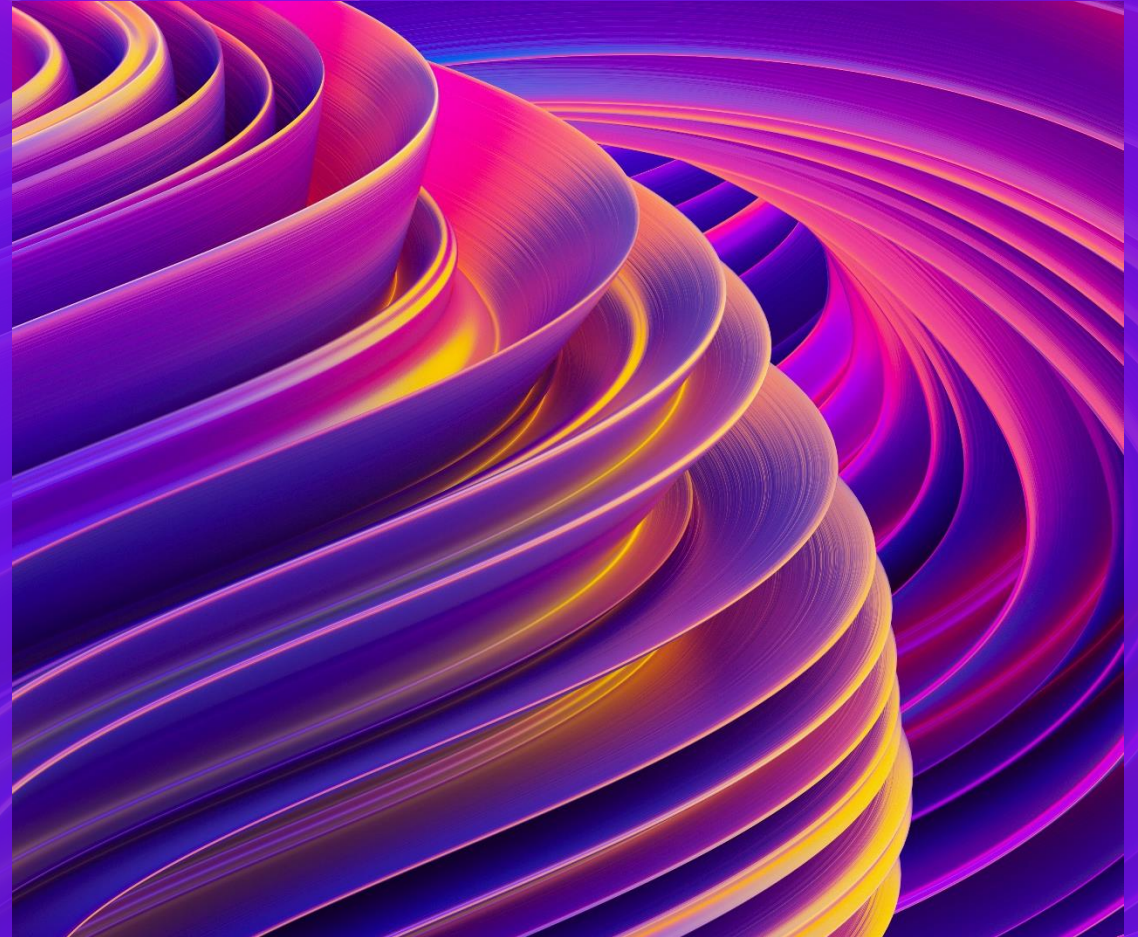
Toronto Parking Authority

**Audit Findings Report
for the year ended
December 31, 2023**

KPMG LLP

Prepared as of April 5, 2024 for presentation to the Audit and Risk Management Committee on April 25, 2024

kpmg.ca/audit



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Digital use information

This Audit Findings 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 and Risk Management Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit and Risk Management Committee, and the Board of Directors 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 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

Status

We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

Uncorrected misstatements

☐

Uncorrected misstatements

- No matters to report

Corrected misstatements

☐

Corrected misstatements

- No matters to report

Risks and results

☒

Significant risks

- Management override of controls. Refer to slide 6
- ☒

Other areas of focus
- Refer to slides 7 and 8

☐

Going concern matters

Control deficiencies

☐

Significant deficiencies

- No matters to report

Policies and practices & Specific topics

☐

Significant unusual transactions

☐

Accounting policies and practices

☐

Other financial reporting matters



Status

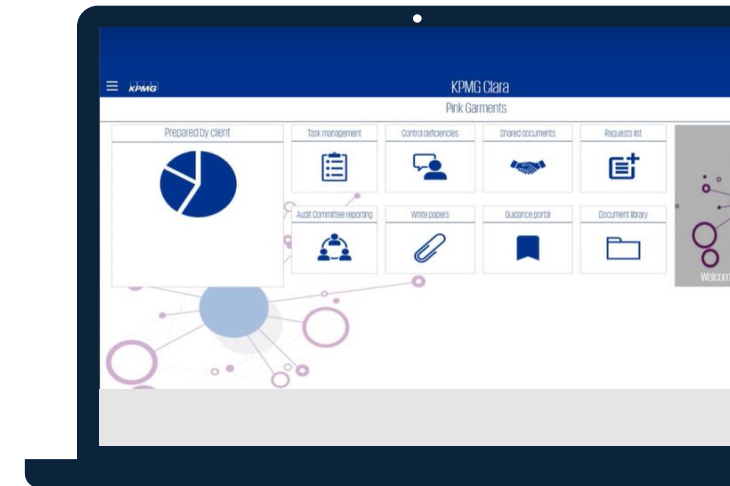
As of April 5, 2024, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Audit and Risk Management Committee
- Obtaining evidence of the Board of Director's approval of the financial statements
- Receipt of the signed management representation letter (dated upon Board approval of the financial statements)
- Completion of subsequent events procedures, up to the date of approval of the financial statements

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, will be dated upon the completion of any remaining procedures.

KPMG Clara for Clients (KCfc)



Real time collaboration and transparency

We leveraged **KCfc** to facilitate real time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate <X> requests from management.





Significant risks and results



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

RISK OF

FRAUD

Significant risk	Estimate?	Key audit matter?
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	No	No

Our 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.

Significant findings

- We did not note any significant control deficiencies in our evaluation of the design and implementation and test operating effectiveness of selected relevant controls over financial reporting.
- We tested manual and automated journal entries and other adjustments by using Data & Analytics routines. Using extractions from the complete general ledger, we selected a sample of journal entries meeting pre-determined high-risk criteria and verified if they were supported by proper documentation and appropriately recorded in the general ledger. We also followed the journal entry initiation and approval controls and process in place.
- We did not identify any issues or concerns after performing our review of estimates.
- We did not identify any significant unusual transactions or any specific additional risks of management override during our audit.



Other Areas of Focus

We highlight our significant findings in respect of other areas of focus as well as any additional areas of focus identified

Area of Focus	Audit Procedures
1 Cash	 • Obtained confirmations of the year-end cash and saving balances from third parties. • Reviewed bank reconciliations and vouched significant reconciliation items to supporting documentation. • Reviewed financial statements disclosures.
2 Due to/from related parties	 • Obtained confirmation from City of Toronto to ensure existence, accuracy and completeness of the intercompany receivable/payable balance and revenue received. • Reviewed financial statements note disclosures.
3 Property and equipment, and Amortization	 • Selected a sample of additions and agreed to original invoices to ensure proper accounting treatment. • Assessed the reasonableness of amortization expense. • All useful lives are based on corporate policies and did not change from prior year. KPMG reviewed the useful lives used in amortization calculation and ensured that all were in line with the Authority's policy. The estimation uncertainty related to useful lives does not result in a risk of material misstatement.



Other Areas of Focus

We highlight our significant findings in respect of other areas of focus as well as any additional areas of focus identified

Area of Focus	Audit Procedures
4 Accounts payable and accrued liabilities, and Direct Expenses	 - For certain accrued liabilities, management performs their best estimate based on the available information prior to year end closing. KPMG reviewed large accruals to ensure the estimate is reasonable. The estimation uncertainty related to liabilities does not result in a risk of material misstatement. - Performed a search for unrecorded liabilities by extracting lists of subsequent payments and accounts payable details and selected samples for testing. - Selected a sample of expense transactions and agree to original invoices to ensure the proper classification of expenses. - Reviewed supporting documentation for significant accruals.
5 Revenue and Accounts receivable	 - Allowance for doubtful accounts (AFDA) within accounts receivable is an estimate. We performed steps, as listed below, to evaluate the reasonability of management's estimate. The estimation uncertainty related to AFDA does not result in a risk of material misstatement. - Obtained an understanding over the revenue and accounts receivable process, obtained the accounts receivable aging subledger and sampled subsequent receipt of payment to ensure management's assessment over the collectability is appropriate. - Assessed management's approach in identifying customers at risk of non-payment and ensuring the sufficiency of the provision to net against accounts receivable - Selected samples of parking and bike share revenue, agreed to supporting documentation and ensured revenue recognition was appropriate.



Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.



Accounting policies and practices



Initial selection

Adoption of IFRS standards effective January 1, 2023 did not have material impact on the financial statements. Refer to Appendix C on slide 17.



Revised

No changes have been made to material accounting policies and practices that would have an impact on the financial statements.



Significant qualitative aspects

Discussion about qualitative aspects of material accounting policies and practices

- *Appropriateness*: Toronto Parking Authority's accounting policies and practices are considered appropriate. The financial statements have been prepared on a going concern basis and comply with all the requirements of IFRS Accounting Standards.
- *Management bias*: We did not identified bias in management's judgments about the amounts and disclosures in the financial statements.



Other financial reporting matters

We also highlight the following:



Financial statement presentation form, arrangement, and content



No matters to report



Concerns regarding application of new accounting pronouncements



No matters to report



Significant qualitative aspects of financial statement presentation and disclosure



No matters to report



Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud	No matters to report
Other information in documents containing the audited financial statements	No matters to report
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management's consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report



Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



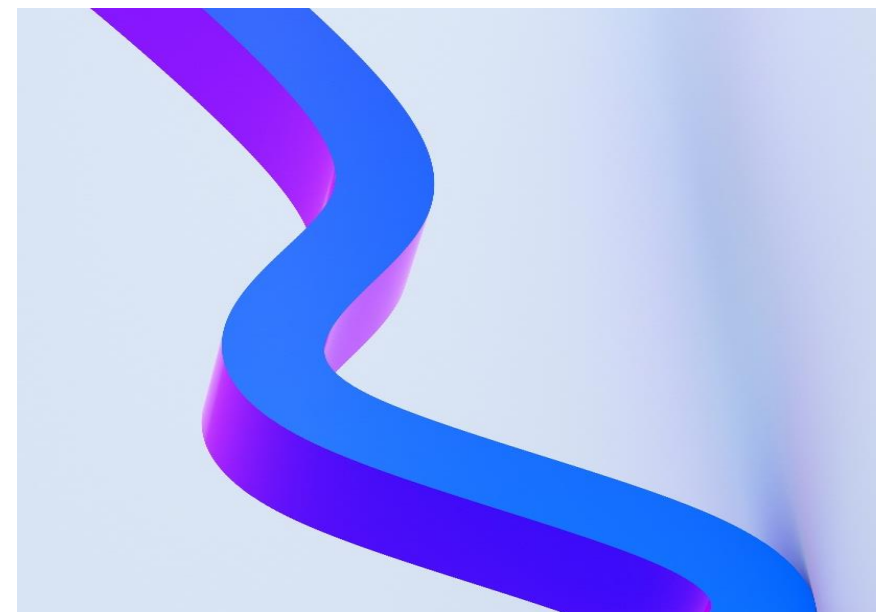
Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



¹ International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

A

Required
communications

B

Audit quality

C

New accounting
standards

D

New auditing
standards

E

Insights

F

Environmental, social
and governance (ESG)

G

Technology





Appendix A: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit Committee.



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: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)



Appendix B: Audit quality - How do we deliver audit quality?

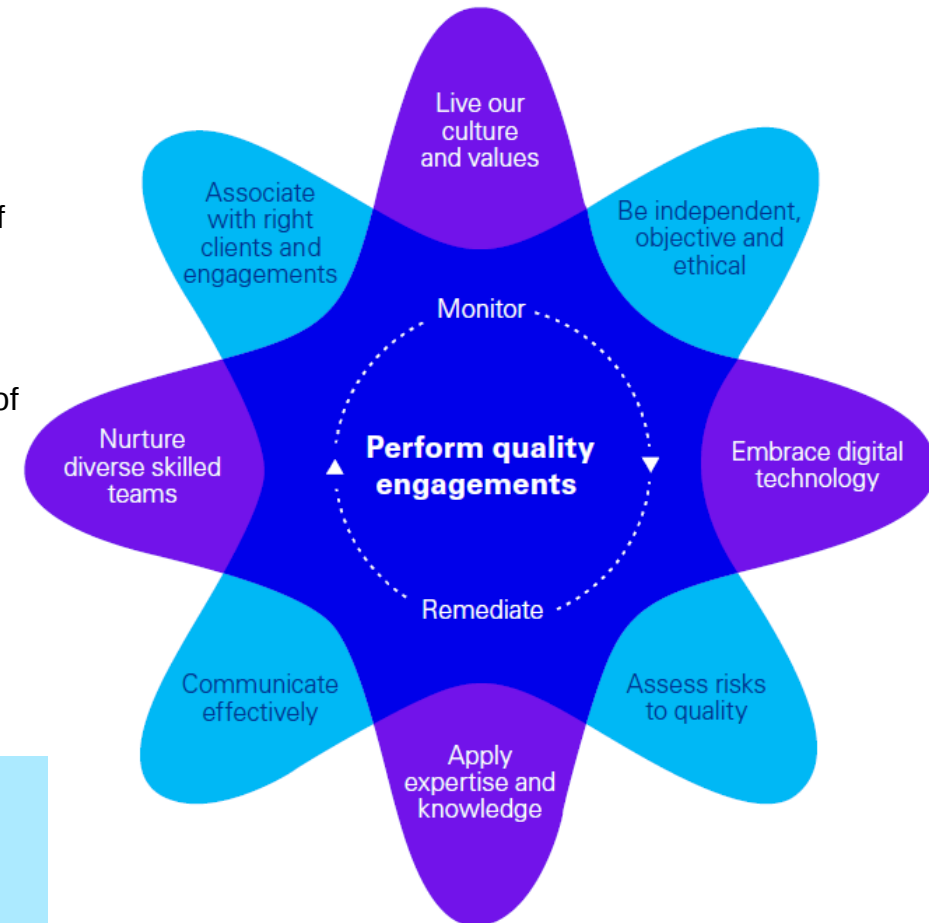
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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

 [KPMG 2023 Audit Quality and 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**.

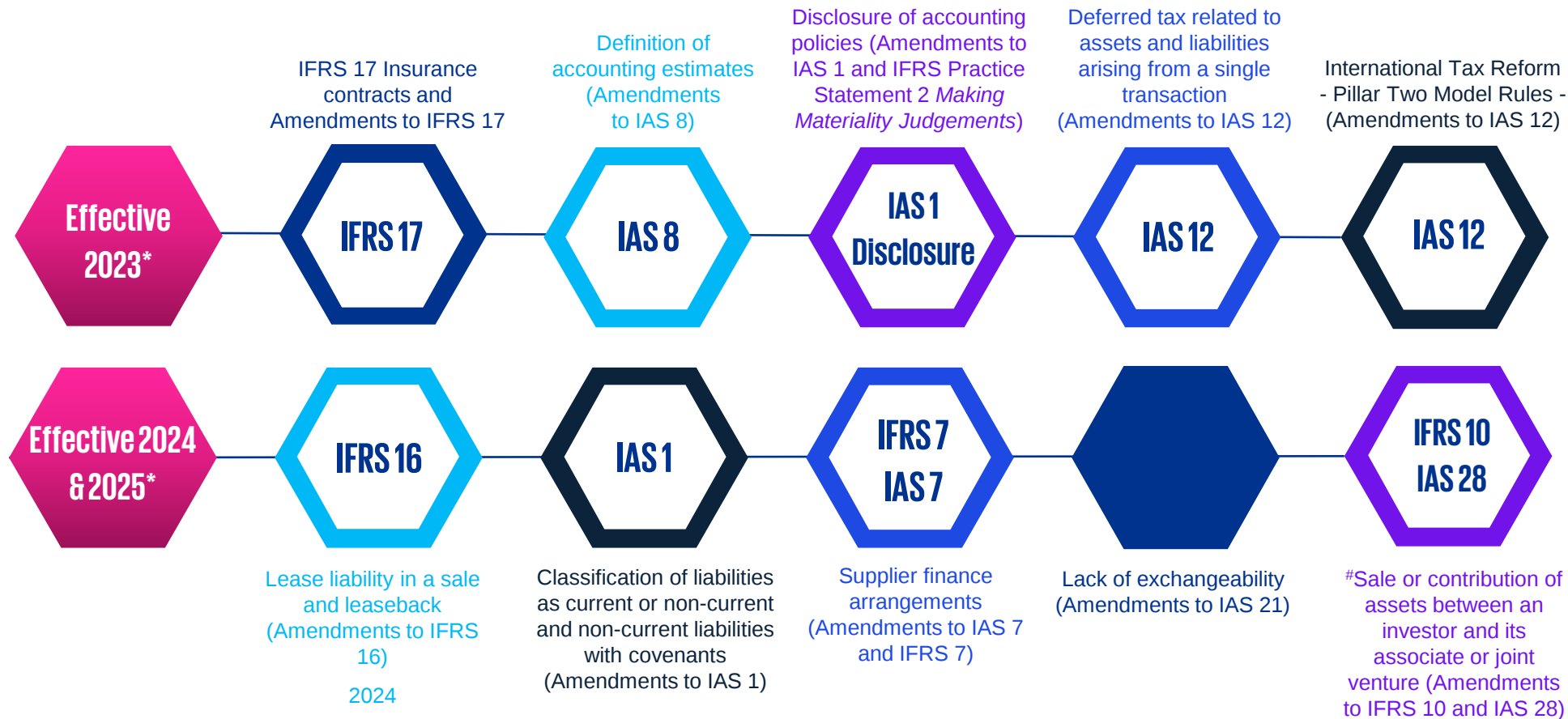


Doing the right thing. Always.



Appendix C: Newly effective and upcoming changes to accounting standards

For more information on newly effective IFRS Standards see Current Developments



*IFRS Standards are effective for annual periods beginning on or after January 1, 2023/2024/2025 as indicated. IFRS Standards effective January 1, 2024/2025 are available for early adoption

Effective date has been deferred indefinitely. Early adoption is permitted.



Appendix D: 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, 2022

ISA/CAS 220

.....
(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

.....
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

.....
Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

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



Appendix E: 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 Securities & Auditing 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.

Accelerate 2023

The key issues driving the audit committee agenda in 2023.

Momentum

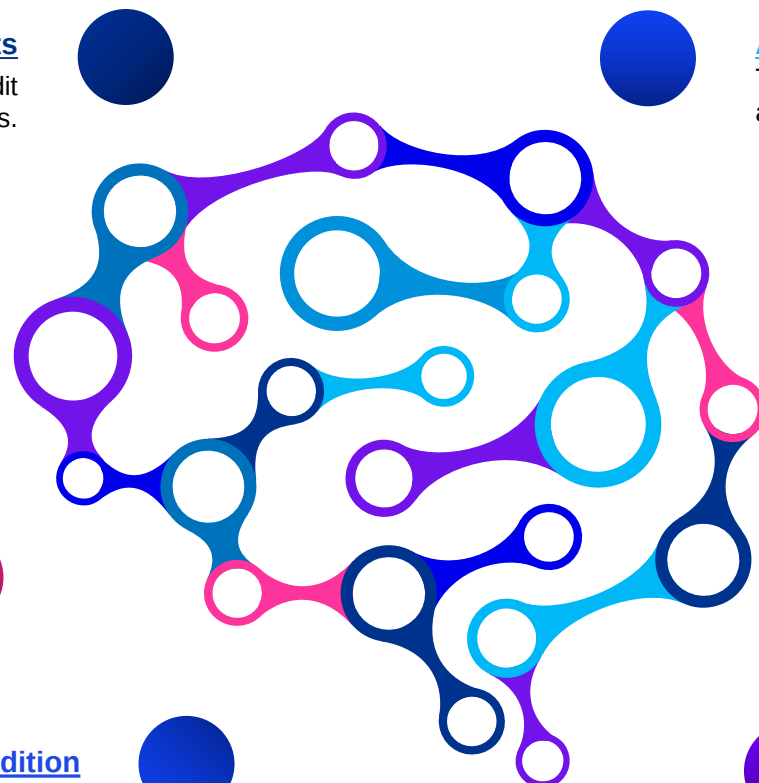
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.





Appendix F: ESG - Global regulatory reporting standards

	ISSB ¹ and CSSB	Canadian regulators (CSA)	US (SEC ^{2,3} and California ⁴)	EU ^{5,6}
Recent Activity	- On March 13, 2024 the Canadian Sustainability Standards Board (CSSB) released proposals on its first two Canadian Sustainability Disclosure Standards (CSDS): Exposure Draft CSDS 1 (proposed general requirements standard) and Exposure Draft CSDS 2 (proposed climate standard). - The proposed standards are aligned with the global baseline disclosure standards IFRS S1 and IFRS S2 with the exception of a Canadian-specific effective date for annual reporting periods beginning on or after January 1, 2025 and incremental transition relief. - In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards – IFRS S1 (general requirements standard) and IFRS S2 (climate standard). - The ISSB standards are effective for annual periods beginning on or after January 1, 2024 – subject to local jurisdiction adoption.	- In parallel with the CSSB's release of its proposals on March 13, 2024, the Canadian Securities Administrators (CSA) issued a statement noting that they will seek consultation on a revised climate-related disclosure rule following the finalization of CSDS 1 and 2. - In October 2021, the CSA issued their original proposed rule, proposed National Instrument 51-107 <i>Disclosure of Climate-related Matters</i>. - Bill S-211, Canada's new Act on fighting against forced labor and child labour will take effect on January 1, 2024. Canadian and foreign businesses impacted by the Act will be required to file a report on their efforts to prevent and reduce the risk of forced labour and child labour in their supply chain, by May 31st of each year.	- The SEC's final climate rule was issued on March 6, 2024. - The final rule will generally apply to all SEC registrants; <i>including</i> foreign private issuers (Form 20-F filers); <i>excluding</i> Canadian issuers reporting under the Multijurisdictional Disclosure System (Form 40-F filers) and asset-backed issuers. - The earliest compliance date is the fiscal year beginning in Calendar year 2025 for large accelerated filers. - The SEC also issued its final rules on cybersecurity in July 2023 and expects to release proposed disclosure rules on human capital management in spring 2024 and corporate board diversity in fall 2024. - On October 7, 2023, the California Governor signed two climate disclosure laws that will shape climate disclosure practices beyond the state's borders. The laws will apply to US businesses (including US subsidiaries of non-US companies) that meet specified revenue thresholds and do business in California. The Governor also signed the California voluntary carbon market disclosures bill.	- The European Financial Reporting Advisory Group (EFRAG) was mandated to develop European Sustainability Reporting Standards (ESRSs) setting out the detailed disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD). - On July 31, 2023, the European Commission published the final text of its first set of twelve ESRSs as delegated acts - The ESRSs will become effective as early as 2024 reporting periods for some companies. - There are potentially considerable ESG reporting implications for Canadian entities – as most EU-listed companies and large subsidiaries of Canadian companies with significant operations in the EU are in scope. Non-EU parent entities with substantial activity in the EU may also be in scope, with separate standards to be developed for these entities, with an effective date of 2028 reporting periods 1. Refer to our ISSB Resource Centre for resources on implementing the IFRS Sustainability Disclosure Standards 2. Refer to our Defining Issues publication for more information on the SEC's final climate rule 3. Refer to our Defining Issues publication for more information on the SEC's cybersecurity rules 4. Refer to our publication on California's introduction of climate disclosures and assurance requirements 5. Refer to our ESRS Resource Centre for resources on implementing the ESRSs 6. Refer to our publication on the impact of EU ESG reporting on non-EU companies



Appendix G: 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.





<https://kpmg.com/ca/en/home.html>

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