TORONTO

REPORT FOR ACTION

KPMG Management Letter Recommendations - Update on Action Plans

Date: October 22, 2025
To: Audit Committee
From: Director, Internal Audit
Wards: All

SUMMARY

This report responds to the direction from Council and Audit Committee arising from Item AU13.2 and AU1.8.

AU 13.2 - The City of Toronto Audit Findings Report for the Year Ended December 31, 2021, as adopted by City Council at its meeting on July 19, 20, 21 and 22, 2022, for the Chief Financial Officer & Treasurer to report to Council on the status of the 55 recommendations in the Management Letter (December 15, 2021) from KPMG LLP.

AU 1.8 - Update from the Controller on Action Plans and implementation of recommendations arising from the KPMG Audit for the Year 2020, as adopted at Audit Committee at its meeting on Feb 13, 2023, for the Controller to provide an update on each of outstanding KPMG letters recommendations.

RECOMMENDATIONS

The CFO and the Internal Audit Division recommend that Audit Committee receive this report for information.

FINANCIAL IMPACT

There are no financial implications resulting from the adoption of the recommendations in this report. However, the implementation of recommendations referred to in this report may result in financial implications which will be included in future years' budget submissions of the relevant divisions for consideration and approval.

The Chief Financial Officer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

City Council on July 19, 20, 21 and 22, 2022, in considering report AU13.2 - The City of Toronto Audit Findings Report for the Year Ended December 31, 2021, adopted the following:

1. City Council request the Auditor General to direct the City's external auditor to promptly report to the Audit Committee any identified control deficiencies determined to be of significant importance to merit the attention of management or those charged with governance.

2. City Council direct the City Manager to implement the 55 recommendations in the Management letter (December 15, 2021) from KPMG LLP (for the year 2020), in alignment with implementation timelines.

3. City Council request the Chief Financial Officer and Treasurer to track the progress, in consultation with the responsible divisional leaders, on addressing the 55 recommendations in the Management letter (December 15, 2021) from KPMG LLP (for the year 2020), and any subsequent recommendations, and to report at least twice annually to the Audit Committee until such time as implementation is complete.

Decision Document Link:

Agenda Item History - 2022.AU13.2 (toronto.ca)

Audit Committee on Feb 13, 2023, in considering report AU 1.8 - Update from the Controller on Action Plans and implementation of recommendations arising from the KPMG Audit for the Year 2020, adopted the following:

1. Audit Committee requested the Controller to provide an update on implementing each of outstanding KPMG management letters recommendations, including any interim measures or controls.

Decision Document Link:

Agenda Item History - 2023.AU1.8 (toronto.ca)

COMMENTS

Background:

The City's external auditor, KPMG issued their first management letter pertaining to the results of their audit of the consolidated financial statements of the City of Toronto for the year ended December 31, 2020. While KPMG did not identify any significant deficiencies in internal control over financial reporting, they did identify 55 recommendations for process improvements. Below is a chart of the number recommendations identified by year by KPMG:

December 31st Year End	***Number of Recommendations***
2020	55
2021	5
2022	5
2023	9
Total	**74**

For the purposes of this report, these 74 recommendations are in scope for validation and analysis.

Recently, the City received a management letter from KPMG for the year ended December 31, 2024, which identified 10 additional recommendations. The Internal Audit Division worked with the divisions to verify the accuracy of the findings and developed action plans accordingly. The 2024 management letter will be tabled separately by KPMG. These recommendations are excluded from the status update below and will be reviewed in the next reporting cycle.

General Themes:

The following is a summary of the general themes noted in the management letter relating to the City's general control environment:

- Need to enhance financial acumen
- Centralization of transaction processing & streamlining labour intensive and inefficient manual processes
- Improved financial policies and procedures
- Clear roles & responsibilities for the recording of financial transactions

Tracking/Monitoring Process:

A database of all outstanding management letter recommendations has been developed and updates have been solicited from management on the implementation status of the recommendations.

The responses provided are management's assessment of progress, and the accuracy of those responses are validated by Internal Audit.

To enable effective monitoring, this report (*Appendix A*) provides an update on the status of each recommendation with action plans for all recommendations that are open and in progress.

A chronological listing of all recommendations can be found in *Appendix B*.

KPMG Recommendations – Status Update as of October 2025

October 2025	55 out of 74 (74%) recommendations closed
November 2024	41 out of 65 (63%) recommendations closed
December 2023	10 out of 65 (15%) recommendations closed

Financial Statement Transformation Project - FSTP

11 of the **19** remaining open recommendations have action plans that are directly linked to the Financial Systems Transformation project (FSTP).

FSTP is an enterprise endeavor to undergo a financial transformation, enabled by modern technologies that will meet current and future business needs. This includes standardizing finance processes, modernizing the finance operating model, and streamlining the underlying financial technology platform to ensure consistent access to timely financial information in an efficient and effective system.

The current system, SAP ECC, is reaching end of life in 2027 and through FSTP the new SAP S/4 HANA system will be implemented and there are 6 key areas of business processes:

1. Acquire to Retire - The process group for recognizing capital assets and managing assets through their financial lifecycle including depreciation, impairment and retirement.
2. Record to Report - The process group for recording financial transactions, financial statement preparation, consolidations and management and statutory reporting.
3. Treasury - The process group for planning, organizing and managing the City's operating, capital and reserve funds.

4. Service to Cash - The process group for recognizing and collecting revenue from the delivery of City services.
5. Procure to Pay - The process group for buying services and goods, including procurement strategy definition and execution, service/goods receipt, invoice payment and analysis.
6. Integration with ARIBA Buying & Invoicing

Phase 1 Design (Imagine) was completed in June 2022. FSTP is currently Phase 2 Build to Deploy

Go-Live of the new financial system is targeted to go live in Q4 2025.

Next Steps:

The Internal Audit Division will continue to monitor management's progress on the implementation of outstanding recommendations. Senior Leadership and Division heads will be required to report on progress in each reporting cycle and results will be provided to regularly scheduled Audit Committee meetings, approximately 2 times a year.

CONTACT

Gifford Chu, Manager, Internal Audit, Telephone:416-397-0301, Gifford.chu@toronto.ca

Stuart Campbell, Director, Internal Audit, Telephone:416-392-8034, Stuart.Campbell@toronto.ca

SIGNATURE

Stuart Campbell
Director, Internal Audit

ATTACHMENTS

Appendix A – Detailed Status of Outstanding Recommendations
Appendix B – List of KPMG Observations in chronological order

Appendix A – Detailed Status of Outstanding Recommendations

Open – 19 recommendations:

Need to enhance financial acumen

No.	Recommendation	Current Status	Action Plan Going Forward
#4 (2020)	Need to strengthen the financial reporting acumen	Accounting Services released a security deposits policy and training which included year end procedures for divisions to follow to support year end balances.	Revenue recognition policy is expected to be delivered late 2025 in time for the new standard.

Centralization of transaction processing & streamlining labour intensive and inefficient manual processes

No.	Recommendation	Current Status/ Interim Measures	Plan going forward
#58 (2021)	Need of a streamlined process for preparation of Long-Term Care Annual Reconciliation Report	Long Term Care continues to work with Accounting Services to streamline the process. Controls are in place whereby SDFA and SSLTC work to ensure financial data is accurate and complete.	FSTP will look to standardize and possible efficiencies for processes and data fields. Finalized fields and system controls will be implemented in S/4 HANA once processes are refined by the business and deployed as part of FSTP launch in Q4 2025.

Improved financial policies and procedures

No.	Recommendation	Current Status/ Interim Measures	Plan going forward
#10 (2020)	Consistent processes for procurement, payroll & governance at all Agencies and	The City provides A&C best practices, guidelines and templates, to support consistent transactional processes across the A&C	The City is working with A&C to develop an overall strategy for consistent processes.

	Corporations required		
#13 (2020)	Procurement process needs to be consistent	The Purchasing Bylaw has been revised and updated following a thorough examination and will bolster the consistency of procurement process.	Streamlined processes are part of the P2P stream, working with FSTP and PMMD to review and assess where standardization and efficiencies can be put in place. Anticipated implementation of P2P and Ariba Buying and Invoicing will be aligned with the S/4HANA launch in Q4 2025 based on integrations design between S/4HANA and ARIBA system.
#14 (2020)	In-depth assessment of current procurement process should be undertaken	The Purchasing Bylaw has been revised and updated following a thorough examination and will bolster the consistency of procurement process.	Streamlined processes are part of the P2P stream, working with FSTP and PMMD to review and assess where standardization and efficiencies can be put in place. Anticipated implementation of P2P and Ariba Buying and Invoicing will be aligned with the S/4HANA launch in Q4 2025 based on integrations design between S/4HANA and ARIBA system.
#15 (2020)	Reduce the risk of misappropriation by ensuring supplier invoice is received before payment is issued	A process innovation project (PIP) to streamline the City's Accounts Payable function has been started. The combination of FSTP, as well as the PIP are predicted to standardize the process for how invoices are processed and paid across the organization.	Streamlined processes are part of the P2P stream, working with FSTP and PMMD to review and assess where standardization and efficiencies can be put in place. Anticipated implementation of P2P and Ariba Buying and Invoicing will be aligned with the S/4HANA launch in Q4 2025 based on integrations design between S/4HANA and ARIBA system.
#36 (2020)	Current bank accounts should be reviewed and assessed	The project team is working through the G/L and Electronic banking process.	Once FSTP system capabilities are known, the rationalization of bank accounts can begin. Expected completion is Q4 2025. ASD will review bank accounts and related processes to

			determine potential enhancement opportunities.
#49 (2020)	TCA policy needs to be revised and updated	Several year-end process changes were developed and implemented to streamline how information regarding capital transactions could be disclosed to Accounting Services.	TCA policy update will be developed based on the final system design of the Acquire to Retire process stream. Updates to TCA policy will be significant in nature and may span over more than one fiscal year. Accounting Services anticipates starting work on TCA policy in 2025.
#50 (2020)	Appropriate process to determine completion of TCA Assets Under Construction items is needed	Accounting Services developed and provided TCA - related training which focused on the City's TCA policy and related processes to City employees.	Will continue on the end-to-end process changes as part of the FSTP project to modernize how project statuses are ultimately tracked and leveraged to support accounting treatment decisions.
#52 (2020)	All known assets should be booked into the SAP system	Accounting Services has enhanced review of GL transactions not reported by divisions	Accounting Services will continue to work with divisions to ensure that TCA subledger is reflective of accurate and complete asset records and that TCA related entries are completed properly.
#53 (2020)	Need for TCA related transactions to be integrated with TCA reporting	Accounting Services enhanced its TCA training for City employees to allow City employees to identify and account for disposals and impairment. The TCA accounting process was updated to incorporate additional engagement requirements to ensure that City divisions could disclose potential and/or confirmed disposals and impairments to Accounting Services	Recognizing the gain or loss on sale of TCA will be included within the overarching TCA policy. Updates to TCA policy will be significant in nature and may span over more than one fiscal year. Accounting Services anticipates starting work on TCA policy in 2025.

#66 (2023)	Implement a formal policy for transfer of completed assets detailing how WBS codes should be used to track a project.	The City has implemented changes in fiscal 2024, including the introduction of a mid-year project status validation process, and enhancements to existing training materials and resources.	As part of the Financial Systems Transformation Program, the City will be developing a master data governance policy and related procedures for coding blocks, including WBS elements, to ensure that City divisions account for and report on their expenditures in a consistent manner.
#69 (2023)	Revoke access to systems in a timely manner.	Communication issued to all leaders at the City of Toronto with respect to the importance of revoking employee access to City systems in a timely manner.	Mandating the formal creation of tickets within the IT service management tool by Q4 2025

Clear roles & responsibilities for the recording of financial transactions

No.	Recommendation	Current Status/ Interim Measures	Plan going forward
#5 (2020)	Need to establish formal process to validate and update indirect tax coding	Accounting Services is working on training materials for divisional finance staff to understand the proper use of tax codes and when commodity tax advise should be sought.	Commodity tax requirements have been developed and provided to FSTP in order to maximize rebates. Training materials to be published before 2025-year end
#8 (2020)	Need to centralize oversight of land management from an operational perspective.	The City provides A&C best practices, guidelines and templates, to support consistent oversight across the A&C	The City is working with A&C to develop an overall strategy for oversight and governance.
#12 (2020)	Financial information reported and level of detail disclosed needs to be consistent	The City provides A&C best practices, guidelines and templates, to support consistent financial reporting across the A&C	The City is working with A&C to develop an overall strategy for consistent financial reporting.
#16 (2020)	Need to reduce rework and have	The Purchasing Bylaw has been revised and updated following a thorough	Streamlined processes are part of the P2P stream, working with FSTP and PMMD to review and

	appropriate controls in place	examination and will bolster the consistency of procurement process.	assess where standardization and efficiencies can be put in place. Anticipated implementation of P2P and Ariba Buying and Invoicing will be aligned with the S/4HANA launch in Q4 2025 based on integrations design between S/4HANA and ARIBA system.
#51 (2020)	Useful lives used for amortization should be consistent with TCA accounting policy	Accounting Services continues to work closely with City divisions to inquire about significant changes to useful life estimates. Changes to useful life estimates which were considered to be significant in nature were also reflected in the City's consolidated financial statements.	Further work on the TCA policy will be completed in subsequent years to ensure that the changes are aligned with industry best practices and stakeholder requirements, as well as the City's consultations with the external auditors. Updates to TCA policy will be significant in nature and may span over more than one fiscal year. Accounting Services anticipates starting work on TCA policy in 2025
#67 (2023)	Implement a robust document retention policy that clearly defines the types of documents to be retained.	Reviewing existing processes, and developing / updating where necessary, to ensure source documentation is retained.	Document and communicate updated processes to all relevant staff and assigning clear responsibilities related to document retention by November 2025.

Closed – 55 recommendations

No.	Recommendation	Action Plan	Validated by Internal Audit
#1 (2020)	Need to invest in creating awareness of roles & responsibilities related to financial reporting activities	Accounting Services Division has taken a proactive approach to realign and restructure the roles and responsibilities associated with financial reporting. This restructure aims to implement best practices by updating policies and providing targeted training to staff across various levels to ensure they understand the updated processes and their accountability.	✓
#2 (2020)	Appropriate level of accounting & finance knowledge and understanding required	Accounting Services Division has: - Developed comprehensive ELI trainings covering financial acumen, principles, SAP - Updated and communicated new polices for key financial reporting matters - Provided targeted training to ensure specialized staff understand the new policies/standards.	✓
#3 (2020)	Process to consolidate the books & records is outdated	An updated process and improvements to consolidation workbook and consolidated entity reporting packages has been developed to ensure the timeliness and completeness of the consolidation activities at the divisional and at the A&Cs levels.	✓
#6 (2020)	Internally inconsistent assumptions impairing the usefulness of information	Monthly updates on core inflation rate, borrowing rates and expected ROI on internal website. The intranet web page can be found at http://insideto.toronto.ca/capital-markets/proxy-rates.htm	✓
#7 (2020)	Need a formalized process to harmonize financial information reported under different accounting standards.	Updated consolidation process implemented that identifies framework-related differences and ensures that they are addressed as part of the consolidation processes; effectively harmonizing the accounting practices.	✓

#9 (2020)	Appropriate and accurate reporting related to Tangible Capital Assets (TCA) and non-monetary transactions at Agencies and Corporations level required	An A&C-specific reporting package was created to facilitate accurate reporting and disclosures	✓
#11 (2020)	Appropriate reconciliation of related party balances required	An updated consolidation process was implemented that includes schedules to account for A&Cs' transactions with the City and its other entities, so that complex issues are addressed in a timely manner rather than year-end only.	✓
#17 (2020)	Incorporate cross training and have clear record of job responsibilities.	CPA training has been developed and launched. Assessment of city employee financial acumen and required training will be an ongoing process.	✓
#18 (2020)	Existing talent needs to be better utilized	CPA training has been developed and launched. Assessment of city employee financial acumen and ensuring employees are hired on required skill and expertise will be an ongoing exercise.	✓
#19 (2020)	Preferred amortization practices should be shared with the actuary	The City shared its preferred amortization practices and principles with the actuary to ensure amortization amount booked each year is accurate. Lifeworks has compiled the historic Amortization Schedules for the period 2003 to 2021 and will update them on an annual basis.	✓
#20 (2020)	Need for entity specific discount rates	Appropriate discount rates applied. Effective December 31, 2021, the discount rate method was changed to reflect different discount rates for the various entities under the City of Toronto (for each of the benefits).	✓
#21 (2020)	E-time module needs to be used consistently	Implementation of the O365 platform.	✓

#22 (2020)	Standardization of architecture is required	In order to support standardization of architecture, Service Intake process and Enterprise Architecture Review Board which is a governing body with Office of CISO members have been launched City-wide.	✓
#23 (2020)	Closer alignment required between IT strategic Plans and Business Area Plans	TSD refreshed Vision, Mission, Strategic Pillars, and Priorities. In-flight programs/ projects and new business cases are mapped to the strategic priorities.	✓
#24 (2020)	Internal Audit involvement in IT projects limited to post-implementation reviews	Internal Audit to hire an IT Manager to increase audit involvement and advice for key IT projects.	✓
#25 (2020)	Terminated users need to be removed from active directory and at SAP level on a timely basis	Business requirements have been refined and processes have been defined, documented, and automated where applicable.	✓
#26 (2020)	Periodic user re-certification of the SAP ECC application is needed	To ensure access commensurate with job responsibilities, an annual SAP User Access Review process and access certification across city divisions including Toronto Police Services (TPS) has been launched. Annual checks are being conducted on SAP ECC.	✓
#27 (2020)	Super User accounts require to be monitored	In order to enhance monitoring, a process has been implemented for managing super user accounts.	✓
#28 (2020)	Segregation of duties required between development and deployment functions within SAP application	Segregation of duty was completed. At the City, Segregations of Duties is controlled and monitored through a manual process. SOD process is provided to KPMG as part of the audit evidence.	✓
#29 (2020)	All IT incidents should get timely resolution	A source system is being used to monitor the response/resolution time as per SLA.	✓
#30 (2020)	Formal process to communicate accounting policies and procedures	New policies are being published on Accounting Services website and training on ELI with distribution to CLT and finance teams via email. Each new policy announcement is supplemented with training resources to	✓

	should be established	ensure staff understand their roles and responsibilities in implementing policies.	
#31 (2020)	Need to set a mandate for treasury functions	New roles have been introduced, some roles have been re-aligned, staffing increased, and policies have been created/updated to reflect the future state of financial reporting within the City. ELI materials to further ensure staff understand the standards behind their roles/responsibilities have been introduced	✓
#32 (2020)	Timely completion of bank reconciliations	Banking Governance policy has been finalized which includes monthly bank reconciliation process.	✓
#33 (2020)	Appropriate implementation of $ threshold for bank reconciliations	Banking Governance policy has been finalized, and all bank accounts must be reconciled (no threshold).	✓
#34 (2020)	Timely review of bank reconciliations	Banking Governance policy has been finalized which includes monthly bank reconciliation process.	✓
#35 (2020)	Complete list of all bank accounts should be developed	An inventory of bank accounts has been created.	✓
#37 (2020)	Appropriate oversight over petty cash accounts required to manage risk of misappropriation	Review of petty cash has been completed. It identified the need for policy and procedure updates to ensure timely reporting and monitoring of petty cash balances.	✓
#38 (2020)	Complete record of all bank accounts required	Review of bank accounts was completed. The city now has a complete listing of all active bank accounts.	✓
#39 (2020)	Petty Cash Policy should be updated	Petty Cash Policy updated to include timely reporting and monitoring of petty cash balances.	✓
#40 (2020)	Clearly defined roles and appropriate training and knowledge for bank accounts	Review of bank accounts was completed, and Banking Governance policy has been finalized.	✓
#41 (2020)	Cash flow forecasting processes require improvement	The cash flow forecast is updated twice a day to ensure prior day actuals and intraday bank records are accurately captured in the forecast. If any significant variances or unanticipated	✓

		cash flows are identified, an incident is logged and investigated through the banking team to ensure no future re-occurrences.	
#42 (2020)	Designated resources required to manage the accounting and reporting of investments	Accounting Services has assigned staff with a fuller understanding of investment accounting. This individual will be responsible for the investment portion of the City's consolidated financial statements.	✓
#43 (2020)	Unreconciled differences in the investment cost base reported by the Custodian and Investment manager needs to be tackled	Unreconciled differences due to implementing of new standard PSAB 3450 and amortization are investigated and resolved. Investment balances are reconciled per SAP, G/L and third-party reports and there were no outstanding unreconciled differences.	✓
#44 (2020)	Need for better reconciliation of Claims database and SAP	New RMIS (ClearRisk) has been implemented. Business process document has been completed; including steps to track SAP doc number in RMIS to reconcile financial transactions with SAP**.**	✓
#45 (2020)	Records of the Claims database should be reconciled on a regular basis to ensure accuracy and consistency of records	New position approved and hired in May 2023 to manage data quality for the Claims database.	✓
#46 (2020)	Ensure risks incorporated in estimating Property and Liability Claims liability are comprehensive and reflective of current environment	The class action certification motion against the city was dismissed. IRM is monitoring all class actions and currently has adequate reserves for potential plaintiffs recommencing action.	✓
#47 (2020)	Ensure discount rate consistent with the industry	Discount rate used is the City's rate of return estimate for long term funds and KMPG concurred with this discount rate.	✓
#48 (2020)	Appropriate oversight and planning related to future funding needs is required	Changes to the full cost allocation of insurance program cost has been implemented since the 2022 budget.	✓

#54 (2020)	Complete listing/ central repository of all leases required	Updated Reporting Package introduced to enhances the collection of financial information pertaining to all leases. TCA template and training also provided to ensure staff understands the reporting requirements. Corporate Real Estate Management maintains all capital leases repository.	✓
#55 (2020)	Need for all financial information be recorded in SAP financial reporting system	All financial records and adjustments related to sinking funds and trust funds have been booked into SAP ECC financial system for year end 2023. Sinking and Trust fund accounts are complete and reconciled prior to entry on SAP ECC system.	✓
#56 (2021)	Improve financial policies and procedures for tracking and recognizing revenue from government transfers	Process for tracking and recognizing revenue from government transfers includes a new centralized template with comprehensive instructions is provided to divisions to compile and investigate any variances to ensure accurate and timely reconciliations.	✓
#57 (2021)	City should assess and mitigate the potential risk of incomplete and inaccurate data.	IRM has implemented extensive quality processes and procedures to mitigate any potential risk arising from incomplete or inaccurate data.	✓
#59 (2021)	Improve financial policies and procedures to reduce delays in recording legal expenses	The current process for legal invoices meets industry practices. IRM has implemented extensive quality processes and procedures to mitigate any potential risk arising from incomplete or inaccurate data. The Data Quality Work Group ensures that the data is reconciled.	✓
#60 (2021)	Consistency regarding inclusion of indirect tax on the future commitments note disclosure required	Year-end reporting templates have been updated to incorporate further instructions regarding the disclosure of indirect taxes.	✓
#61 (2022)	Divisional staff should develop better understanding relating to the appropriate timing of recognition of	Introduced training at the divisional level to enhance staff's knowledge of the appropriate accounting treatment and timing of tangible capital assets recognitions as mandated by PSAS 3150. Furthermore, introduced TCA templates to streamline the process.	✓

	tangible capital assets.		
#62 (2022)	Ensure staff understands the criteria for capitalizing assets, including land acquisitions	Developed comprehensive training for TCA contacts. This training walked staff through the complete product life cycle of capital assets including amortization, retirement obligations, and how to assess if an expenditure is to be expensed or capitalized.	✓
#63 (2022)	Ensure access of terminated employees is revoked in a timely manner	Replaced the existing Novell solution with a new tool to improve this process.	✓
#64 (2022)	Ensure appropriate level of segregation of duties between development and deployment functions within the SAP application	A semi-annual process has been developed to review and identify for any breaches of Segregation of Duties. In cases where the developer and importer are the same user, we will follow up to ensure appropriate rationale is documented.	✓
#65 (2022)	Ensure that the inflation factor applied to future claims payments is reflective of the current economic environment, is in line with the overall borrowing rate of the City and is applied consistently.	Benchmark rate discussed with KPMG and confirmation from KPMG that the Inflation factor used by the City's actuary is appropriate and to be used consistently in determining any liability.	✓
#68 (2023)	Actuary or the City of Toronto should enhance the procedures about data sufficiency and reliability.	Data quality and reconciliation procedures have been enhanced.	✓
#70 (2023)	Implement procedures to retain evidence of user access list	UAR reports are published, and Managers review them by filling out relevant columns as per instructions.	✓
#71 (2023)	Implement segregation of duties between	A new configuration has been implemented to ensure segregation of duties.	✓

	development and deployment within the SAP application		
#72 (2023)	Frequently review of user access	Account Monitoring Process performed semi-annually.	✓
#73 (2023)	Implement monitoring process for open/outstanding incidents	Incident Management Dashboard within ServiceNow to monitor open/outstanding incidents.	✓
#74 (2023)	Retain evidence of ServiceNow's SOC report review.	Process in place to retain evidence of ServiceNow's SOC report review.	✓

Appendix B – KPMG Recommendations In Chronological Order

Year	No.	Title	Audit Findings
2020	1	City's Books and records	Need to invest in creating awareness of roles & responsibilities related to financial reporting activities
2020	2	City's financial and treasury function - Technical Expertise	Appropriate level of accounting & finance knowledge and understanding required
2020	3	Accounting Services - Consolidation Process	Process to consolidate the books & records is outdated
2020	4	Revenue Recognition	Need to strengthen the financial reporting acumen
2020	5	Indirect Tax	Need to establish formal process to validate and update indirect tax coding
2020	6	Forecasting - Use of Consistent Assumptions	Internally inconsistent assumptions impairing the usefulness of information
2020	7	Agencies & Corporations - Reporting	Need a formalized process to harmonize financial information reported under different accounting standards
2020	8	Agencies & Corporations - Land Mgmt. Strategy	Need to centralize oversight of land management from an operational perspective

2020	9	Agencies & Corporations - Tangible Capital Assets & Non-Monetary Transactions	Appropriate and accurate reporting related to TCA and non-monetary transactions at A&C level required
2020	10	Agencies & Corporations – Processes	Consistent processes for procurement, payroll & governance at different A&Cs required
2020	11	Agencies & Corporations - Related Party Balances	Appropriate reconciliation of related party balances required
2020	12	Agencies & Corporations - Financial Reporting	Financial information reported and level of detail disclosed needs to be consistent
2020	13	Purchasing Process Control Observations – Inconsistency	Procurement process needs to be consistent
2020	14	Procurement Process - Delay in Processing	In-depth assessment of current procurement process should be undertaken
2020	15	Procurement Process - Lack of Supplier Invoice	Reduce the risk of misappropriation by ensuring supplier invoice is received before payment is issued
2020	16	Procurement Process - Rework	Need to reduce rework and have appropriate controls in place
2020	17	Human Resource Mgmt. - Employee Cross Training	Incorporate cross training and have clear record of job responsibilities
2020	18	Human Resource Mgmt. - Employee Skill Inventory	Existing talent needs to be better utilized
2020	19	Employee Benefit Obligations - Amortization Schedules	Current process of tracking amortization schedules separately by the City increases risk of error. The City should share its preferred amortization practices and principles with the actuary to ensure amortization amount booked each year is accurate
2020	20	Employee Benefit Obligation - Discount Rate	Lack of entity specific discount rates
2020	21	Payroll Records - eTime	E-time module needs to be used consistently
2020	22	IT Governance - System Architecture	Diverse architecture systems being used which make it difficult to implement enterprise solutions
2020	23	IT Governance - IT Strategy	Closer alignment required between IT strategic Plans and Business Area Plans

2020	24	IT Governance - Internal Audit	Internal Audit involvement in IT projects limited to post-implementation reviews
2020	25	IT Security - Terminated Employees	Terminated users need to be removed from active directory and at SAP level on a timely basis
2020	26	IT Security - User Access	Excessive access or segregation of duties conflict
2020	27	IT Security - Super User Access	No monitoring performed over the usage of shared generic accounts
2020	28	IT Security - Program Changes	Segregation of duties required between development and deployment functions within SAP application
2020	29	IT Support - Incident Resolution	No policy requirement for SLA related to incident response/ resolution for service requests raised on Solman
2020	30	Corporate Reporting - Accounting Policy Communication Process	Formal process to communicate accounting policies and procedures should be established
2020	31	Treasury Function	Need to set a mandate for treasury functions
2020	32	Bank Reconciliation	Timely completion of bank reconciliation required
2020	33	Bank Reconciliation - Threshold	Appropriate implementation of $ threshold required
2020	34	Bank Reconciliation - Review Process	Timely review of bank reconciliations is needed
2020	35	Inventory of Bank Accounts	Complete list of all bank accounts should be developed
2020	36	Extraneous Bank Accounts	Current bank accounts should be reviewed and assessed
2020	37	Petty Cash Accounts	Appropriate oversight over petty cash accounts required to manage risk of misappropriation
2020	38	Bank Confirmation	Complete record of all bank accounts required
2020	39	Petty Cash Accounts - Policy	Petty Cash Policy should be updated
2020	40	Trust Bank Reconciliation	Need for clearly defined roles and appropriate training and knowledge

2020	41	Cash Flow Forecasting - Short term Vs Long Term investments	Cash flow forecasting processes require improvement
2020	42	Investments - Accountability	Designated resources required to manage the accounting and reporting of investments
2020	43	Investments - Reconciliation between custodian & investment manager	Unreconciled differences in the investment cost base reported by the Custodian and Investment manager needs to be tackled
2020	44	Property & Liability Claims - Systems	Need for better reconciliation of Claims database and SAP
2020	45	Property & Liability Claims - Data Reliability & Accuracy	Records of the Claims database should be reconciled on a regular basis to ensure accuracy and consistency of records
2020	46	Property & Liability Claims - COVID -19	Ensure risks incorporated in estimating Property and Liability Claims liability are comprehensive and reflective of current environment
2020	47	Property & Liability Claims - Discount Rate	Lack of oversight for the assumptions used by the Actuary and lack of inconsistency in discount rate used to estimate future liabilities
2020	48	Property & Liability Claims - Funded Liability	Appropriate oversight and planning related to future funding needs is required
2020	49	Tangible Capital Assets - Accounting Policy	TCA policy needs to be revised and updated
2020	50	Tangible Capital Assets - Assets Under Construction (AUC)	Appropriate process to determine completion of AUC items is needed
2020	51	Tangible Capital Assets - Amortization	Useful lives used for amortization should be consistent with TCA accounting policy
2020	52	Tangible Capital Assets - Completeness of Tangible Capital Assets	All known assets should be booked into the SAP system
2020	53	Tangible Capital Assets - Gain and Loss	Need for TCA related transactions to be integrated with TCA reporting
2020	54	Commitments	Complete listing/ central repository of all operating leases required
2020	55	Sinking Fund and Trust Fund	Need for all financial information be recorded in SAP financial reporting system
2021	1	Government Transfers	Improve financial policies and procedures for tracking and recognizing revenue from government transfers

2021	2	Legal Claims Liability	City should assess and mitigate the potential risk of incomplete and inaccurate data
2021	3	Long Term Care Homes	Need of a streamlined process for preparation of Long-Term Care Annual Reconciliation Report
2021	4	Liabilities Claims – legal expenses	Improve financial policies and procedures to reduce delays in recording legal expenses
2021	5	Commitments - Indirect Tax	Consistency regarding inclusion of indirect tax on the future commitments note disclosure required
2022	1	Tangible Capital Assets - Disposals	Divisional staff should develop better understanding relating to the appropriate timing of recognition of tangible capital assets
2022 1	2	Tangible Capital Assets - Land Acquisition Costs	Ensure staff understands the criteria for capitalizing assets, including land acquisitions
2022	3	IT Security – Access Deprovisioning	Implement a system/ workflow to ensure access of terminated employees is revoked in a timely manner
2022	4	IT Security - Segregation of duties in change management	Ensure appropriate level of segregation of duties between development and deployment functions within the SAP application
2022	5	Property and Liability Claims – Estimates	Ensure that the inflation factor applied to future claims payments is reflective of the current economic environment and is in line with the overall borrowing rate of the City and is applied consistently
2023	1	Assets Under Constructions – Transfers	Provide training to ensure staff understand the indicators for transfer to completed assets.
2023	2	Asset retirement Obligation Testing – Source documentation	Implement a robust document retention policy
2023	3	Property and Liability Claims – Estimates	Enhance the procedures around data sufficiency and reliability
2023	4	IT Security – Access Deprovisioning	Implement a formal monitoring process over automated workflow to revoke access

2023	5	IT Security – User Access	Modify procedures to retain evidence of completeness and accuracy of user access
2023	6	IT Security – Segregation of Duties in Change Management	Design and implement appropriate segregation of duties between change development and deployment functions
2023	7	IT Security – Super User Access	Identify and rectify any inappropriate access
2023	8	IT Security – Incident Resolution	Implement a monitoring process for open/long outstanding incidents
2023	9	IT Support – ServiceNow SOC Report	Implement a process to review the SOC report