

## **Forensic Audit of the 2021 Winter Maintenance Procurement**

**Date:** March 18, 2026

**To:** City Council

**From:** City Manager and Director, Internal Audit

**Wards:** All

### **SUMMARY**

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In March 2025, City Council requested the City Manager to undertake a forensic audit of the procurement and award of winter maintenance contracts in response to concerns regarding fairness, transparency, cost outcomes, and contract management. The services of KPMG were retained to conduct the audit which examined the two negotiated request-for-proposal (nRFP) processes and a subsequent non-competitive procurement used to award winter maintenance services for the 2022–2029 period.

This report outlines the findings and recommendations pertaining to the forensic audit.

### **RECOMMENDATIONS**

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The City Manager and Director, Internal Audit recommend that City Council receives this report for information.

### **FINANCIAL IMPACT**

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There are no financial impacts on the current year's budget arising from this report.

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

### **DECISION HISTORY**

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On March 27, 2025, City Council requested the City Manager to undertake a forensic audit of the procurement of nRFP-1 DOC2970598171 and nRFP -2 Doc3136860258 for the 2022-2029 winter snow removal contract, as part of his review of winter maintenance operations.

## COMMENTS

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The audit did not identify evidence of deliberate misconduct, bid manipulation, or improper sharing of confidential procurement information. However, it identified several procurement and governance risks, including high bidder disqualification rates, contract costs exceeding City estimates, concentration of awards among a limited number of suppliers, and significant post-award contract amendments.

While the procurement process generally followed established procedures, the outcomes highlighted opportunities to strengthen oversight, transparency, and risk management for future large and complex procurements.

Outlined below are the recommendations from KPMG's forensic audit and the corresponding management actions:

### **1. Enhance Bidder and Subcontractor Due Diligence**

The City should consider enhancing its due diligence process for major procurements to include identifying ownership, control, and affiliation relationships among bidders and key subcontractors to better assess competition and concentration risk.

#### *Management Actions:*

Purchasing & Materials Management Division (PMMD) will assess opportunities to strengthen mandatory supplier disclosure requirements and introduce risk-based triggers for enhanced review. These measures are intended to improve visibility into supplier relationships and reinforce due diligence practices for higher-risk procurements.

### **2. Review Minimum Response Times for Complex Procurements**

The City should review its approach to response times for large, multi-year, and operationally complex contracts to ensure response periods provided to proponents are sufficient to support fair competition and well-developed proposals.

#### *Management Actions:*

Procurement timelines are often driven by operational, funding, and external delivery requirements, which may necessitate accelerated schedules. Where feasible, PMMD will continue to encourage longer solicitation periods beyond minimum trade agreement requirements and continues to promote early engagement with divisions to ensure project timelines are realistic and support fair competition.

### **3. Increase Independence in Technical Evaluations**

For large dollar value procurements that may be subject to greater public scrutiny, the City should consider requiring one or more members of the procurement team, or individuals independent of the lead City Division to participate in or monitor the bid evaluation process.

*Management Actions:*

PMMD has strengthened procurement governance through improved documentation standards, enhanced supplier debriefing guidance, and clearer evaluation practices. An updated approach to supplier qualifications, evaluations, and reference use is being finalized, alongside a senior management review mechanism to provide oversight and escalation for high-risk, complex, or priority procurements.

#### **4. Strengthen Governance Over Negotiated RFP Processes**

The City should consider establishing clearer guidelines and approval thresholds governing negotiated procurements, including limits on post-evaluation changes, enhanced documentation requirements, and escalation where negotiated changes may materially affect fairness.

*Management Actions:*

PMMD has delivered internal training and provided structured tools to support the consistent and fair application of the negotiated RFP model. To align with evolving best practices and mitigate associated risks, additional training through external procurement associations is planned, supported by ongoing internal guidance.

#### **5. Enhance Oversight of Post-Award Contract Changes**

The City should consider introducing additional senior-level oversight and authorization requirements for significant post-award amendments, including changes to penalties, subcontracting limits, and equipment specifications, to ensure alignment with original procurement intent.

*Management Actions:*

PMMD is developing a strengthened Contract Management Framework to enhance supplier oversight, performance monitoring, and issue escalation. The framework will support consistent contract administration through standardized documentation, risk assessment, and approval requirements across divisions.

### **Conclusion**

The forensic audit found no evidence of intentional wrongdoing in the winter maintenance procurement; however, certain procurement design and contract management practices increased risk and perceptions of unfairness. Implementing the recommended governance and oversight improvements will enhance transparency, strengthen controls, and support public confidence in City procurement practices.

## **CONTACT**

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## **SIGNATURE**

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