



The Corporation of the Town of Newmarket

Audit Findings Report
for the year ended
December 31, 2024

KPMG LLP

Licensed Public Accountants

Prepared as of May 12, 2025 for presentation on June 12, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



Kevin Travers

Lead Audit Engagement Partner

416-228-7004

ktravers@kpmg.ca



Lyle Abbott

Audit Engagement Manager

416-468-7795

labbott@kpmg.ca

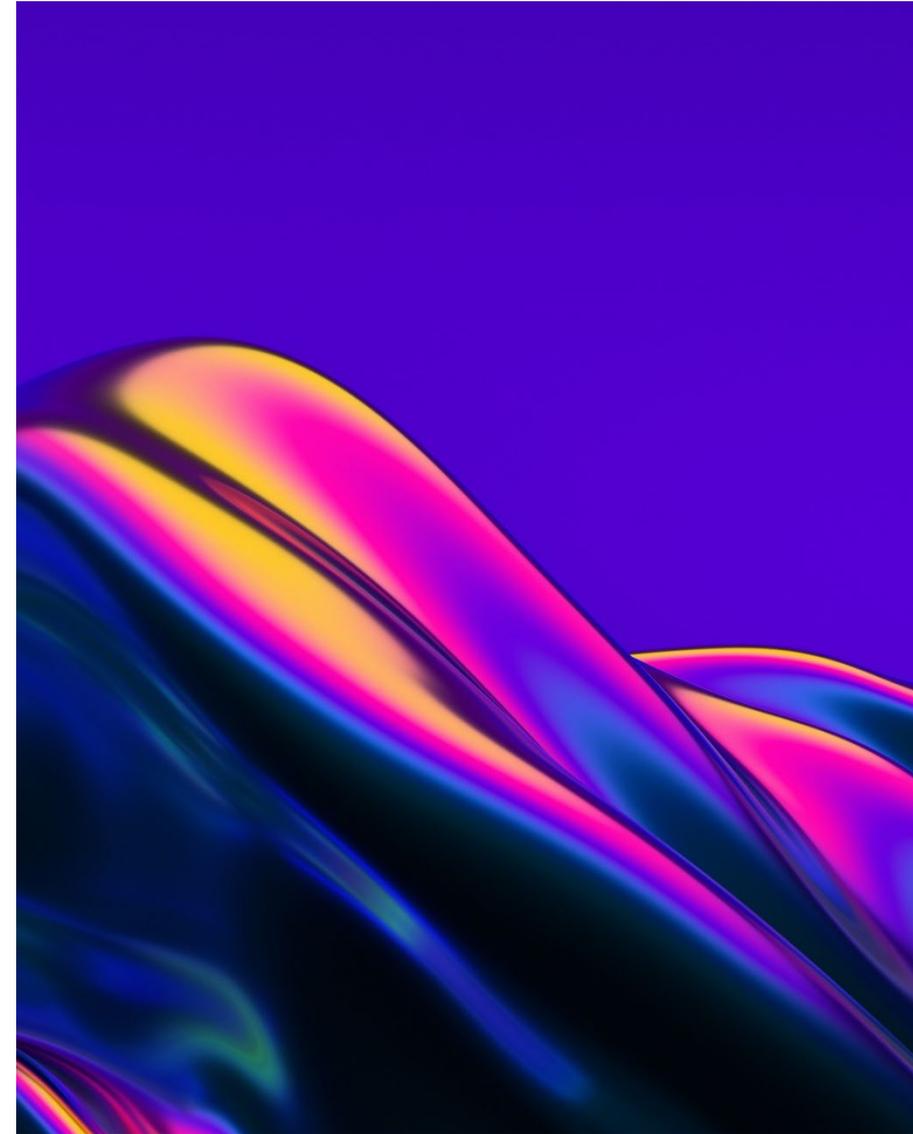


Table of contents

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.

4 Highlights

6 Status

7 Risks and results

15 Control deficiencies

16 Policies and practices

17 Audit quality

18 Appendices

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements as at and for the year ended December 31, 2024. This report builds on the Audit Plan we presented to the Audit Committee. This report is intended solely for the information and use of Management, the Audit Committee, and Town 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 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

<p>Status</p>	<p>We have completed the audit of the consolidated financial statements (“financial statements”) of the Corporation of the Town of Newmarket (the “Town”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.</p> 	<p>Policies and practices</p>	<p><input checked="" type="checkbox"/> Accounting policies and practices </p>
<p>Significant changes</p>	<p><input type="checkbox"/> Significant changes since our audit plan</p> <p>There were no significant changes to our audit plan which was originally communicated in the audit planning report.</p>	<p>Corrected misstatements</p>	<p><input checked="" type="checkbox"/> Corrected misstatements </p> <p>Refer to management representation letter for details on corrected misstatements</p>
<p>Risks and results</p>	<p><input checked="" type="checkbox"/> Presumption of the risk of fraud involving improper revenue recognition </p> <p><input checked="" type="checkbox"/> Presumed risk of management override of controls </p> <p><input checked="" type="checkbox"/> Other risks of material misstatement </p> <ul style="list-style-type: none"> • Employee future benefits liabilities • Deferred revenue earned • Investments • Tangible capital assets • Contingencies • Consolidation 	<p>Uncorrected misstatements</p>	<p><input type="checkbox"/> Uncorrected misstatements</p> <p>We did not identify any uncorrected misstatements</p>
		<p>Control deficiencies</p>	<p><input type="checkbox"/> Significant deficiencies </p> <p>We did not identify any significant control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See slide 15 for certain required communications regarding control deficiencies.</p>
		<p>Audit Quality</p>	<p><input checked="" type="checkbox"/> Learn more about how we deliver audit quality </p>

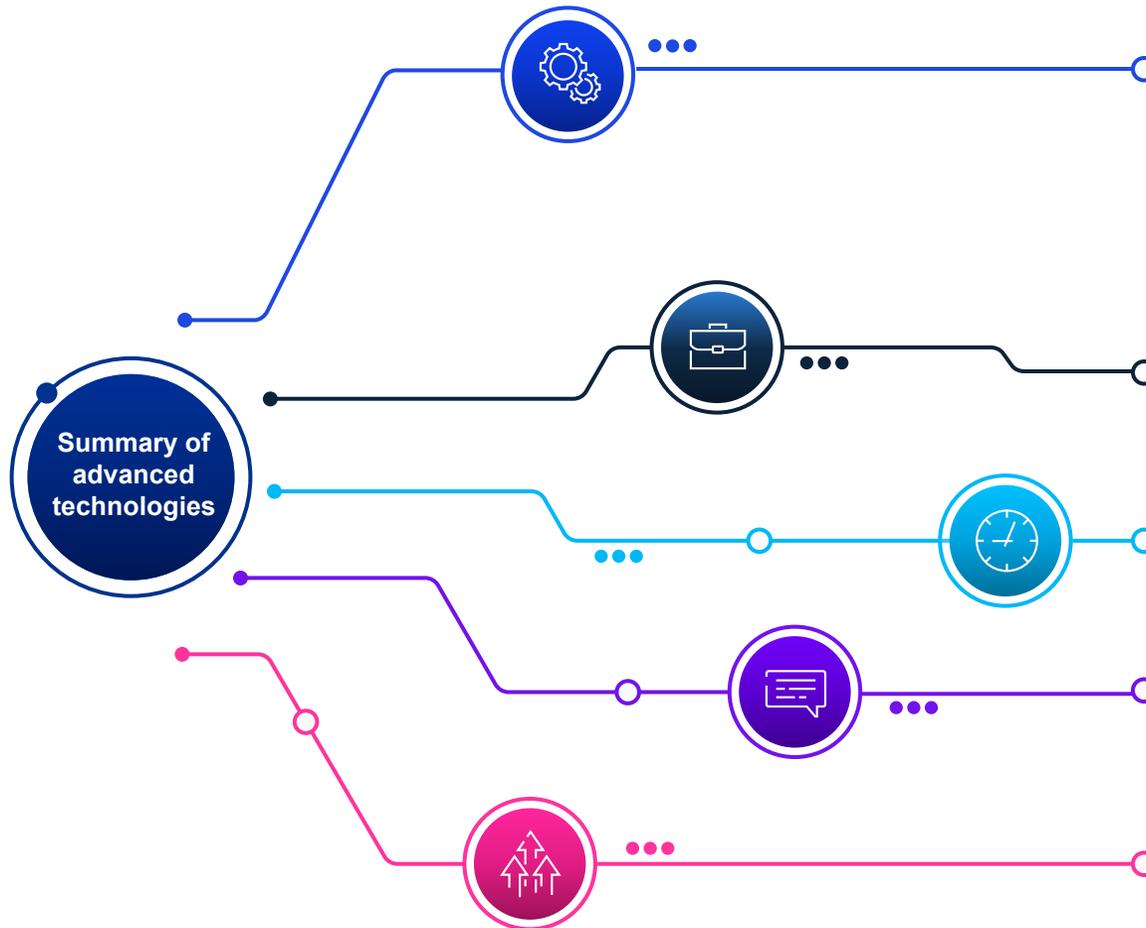


Technology highlights

KPMG Clara



We have utilized technology to enhance the quality and effectiveness of the audit.



DataSnipper

DataSnipper uses optical character recognition and robotic process automation to automate vouching procedures.

We will import your documents into the tool, which automatically matches specified excel data to the corresponding documents, leaving an audit trail behind for review by our audit team members.

Monetary Unit Sampling (MUS)

We will use our Clara software to import GL transaction details for selected revenue and expense accounts. Based on performance materiality and the level of risk in each area, the MUS routine will select samples for testing to source documentation.

Sample selection is a systematic method and results in a lower sample size compared to a haphazard or random sample selection made manually. We will be able to achieve efficiencies in our audit by using this tool.

Computer Assisted Audit Techniques (CAATs)

We will utilize CAATs to verify completeness of GL data, analyze journal entries, and apply pre-determined criteria to identify potential high-risk journal entries for further testing. Refer to slide 7 for details.

Microsoft Teams

We use Microsoft Teams to perform certain testing and walkthroughs that require audit evidence gathered through screen-sharing capabilities, and to correspond with management.

KPMG Clara for clients (KCfc)

This web-based tool is a secure portal used to organize and receive all audit requests from management and allows the finance team to upload responses to our specific requests via secure link on the web portal.



Status

As of the date of preparation of this Audit Findings Report, 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 Committee
- Obtaining evidence of the Council's approval of the financial statements
- Completion of subsequent event review procedures
- Receipt of the signed management representation letter (to be signed upon the 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 (KCc)



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 requests with management.

[Learn more](#)



Significant risks and results

We highlight our significant findings in respect of **significant risks**.



Presumption of the risk of fraud involving improper revenue recognition

RISK OF



ERROR FRAUD

Significant risk

Estimate?

No

This is a presumed risk of material misstatement due to fraud. This risk has not been rebutted. Audit standards require us to assume there are generally pressures/incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition. This can be perpetrated through revenue cut-off or manual journal entries and other adjustments related to revenue recognition.

The primary risk of fraudulent revenue recognition resides with manual journal entries for revenue transactions not in the normal course of business, specifically related to management's calculation of the deferred revenue – obligatory reserve funds.

Our response and findings

- Our audit methodology incorporated the required procedures in professional standards to address this risk.
- Our audit approach consisted of evaluating the design and implementation of selected relevant controls. We tested journal entries that meet specific criteria. This criteria was designed during the planning phase of the audit and is based on areas and accounts that are susceptible to manipulation through management override. We also designed search filters that allowed 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 tested revenues (both recognized and amounts held as deferred at year end). We also incorporated an element of unpredictability into the journal entries and revenue testing.
- We obtained management's assessment of the impact upon the adoption of PS 3400 Revenue and agree with management's assessment that the impact was not significant.
- We reviewed controls implemented pertaining to revenue recognition and performed walkthroughs of key controls surrounding the revenue process.
- We did not identify any issues related to fraud risk associated with revenue recognition.



Significant risks and results



Presumed Risk of Management Override of Controls

RISK OF



FRAUD

Significant risk

Estimate?

No

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 response and findings

- As this risk is not rebuttable, our audit methodology incorporated the required procedures in professional standards to address this risk.
- We performed procedures consistent with professional standards to address this risk. These procedures include the following:
 - testing of journal entries and other adjustments;
 - performing retrospective review of estimates; and
 - evaluating the business rationale of significant unusual transactions.
- We did not identify any issues or concerns regarding management override of controls.



Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



Employee future benefits liability and long-term disability benefits liability

Other risks of material misstatement

Estimate?

Employee future and long-term disability benefits represent a liability computed by management's actuarial experts. A full actuarial study of the obligation was performed as at December 31, 2022 for employee future benefits liability and December 31, 2024 for long-term disability benefits liability. As the benefits liabilities are significant and complex estimates, KPMG actuarial specialists were involved in completing the audit

Yes

Our response

- We assessed the participant data supplied by management to the Actuary for completeness and accuracy.
- We obtained the actuarial valuation report and engaged our KPMG actuarial specialist team to audit the method and assumptions applied in the valuation.
- We evaluated the discount rate in comparison with rates issued by the Canadian Institute of Actuaries ("CIA") and KPMG LLP.
- We assessed the qualifications, competence and objectivity of the actuary as required by the Canadian auditing standards.
- We assessed the disclosures in the financial statements against the requirements of the PSAS.

Our findings

- Based on our review of the memo prepared by the Actuary, we noted that method applied for the estimates are acceptable per the CIA and PSAS 3250 Retirement benefits and PSAS 3255 Post-employment benefits
- We assessed the key assumptions used by the actuary in light of the Town's financial results. We also performed a sideways glance to compare the assumptions used by the actuary for the Town's with other Ontario municipalities and we did not note any significant differences.
- We noted that the discount rate used by the actuary is a key assumption. Discount rates of 4.60% (2023 – 4.60%) were used for the determination of the employee future benefits liability and 4.4% (2023 – 5.0%) for long-term disability benefits liability. We evaluated the discount rates against the discount rate curve issued by different reliable sources including The Canadian Institute of Actuaries (CIA), Fiera Capital and KPMG LLP. Our actuarial specialists assessed the discount rate and other assumptions using actuarial techniques and market data. Based on this evaluation, we concluded that the discount rates used are reasonable.
- The disclosures included in the financial statements are in accordance with the requirements of the PSAS. The employee benefit liability and long-term disability liability as at December 31, 2024 are outlined in note 12 and note 13 to the financial statements.
- Based on the audit work performed, we did not note any issues related to the calculation of the Town's benefits liabilities as at December 31, 2024.



Other risks of material misstatement and results



Deferred revenue earned

Other risks of material misstatement

Estimate?

No

Recognition of revenue relating to amounts previously deferred as a result of legislation or contractual agreements. During our substantive testing, we noted that the Town recognized \$44M (2023 - \$17M) of deferred revenue earned.

Our response and findings

- We obtained the deferred revenue continuity schedule and selected samples for testing to determine if the selected amounts had been recognized in the current year in accordance with the appropriate legislation or agreements that the revenues pertain to.
- We recalculated management's calculation of deferred revenue – obligatory reserve funds as at year-end.
- We also selected a sample of the increases (cash receipts) and decreases (revenue recognized) for deferred revenue during the current year to ensure appropriate revenue recognition.
- We obtained management's assessment of the impact of the newly effective PS 3400 Revenue accounting standard and reviewed it against the PSAS criteria and our general understanding of the Town's operations. Management's assessment indicated that there is no significant impact on the revenue recognition process as a result of this adoption. We reviewed management assessment and noted no issues.
- No exceptions were noted during testing.



Other risks of material misstatement and results



Investments

Other risks of material misstatement

Estimate?

Yes

In accordance with PS 3450 Financial Instruments, investments with embedded derivative components must be recorded at fair value. PS 3450 allows the Town to either bifurcate the embedded derivatives from the host contract or value the entire contract at fair value.

The Town records the Principal Protected Notes (PPNs) at fair value due to that embedded derivatives that fall under the requirements of PS 3450. The cumulative change in fair value of the instrument is recorded in accumulated surplus as remeasurement gains and losses.

During the year, the Town recognized \$2,438,000 (2023 – \$1,002,000) as unrealized gain attributable to revaluation of PPNs, as reflected in the Statement of Remeasurement Gains and Losses.

The other remaining investments are carried at cost and amortized cost.

Our response and findings

- We obtained and reviewed management's support for fair value reported by the Town for PPNs.
- The Town also reported Other Comprehensive Losses of \$52,312 (2023 - \$87,334) related to the government business enterprise equity investment in Newmarket Hydro Holdings Inc.
- We confirmed all of the investment balances with the respective investment custodians.
- We reviewed financial statement note disclosure in line with the PSAS.
- No matters to report.



Other risks of material misstatements and results



Tangible capital assets

Other risks of material misstatement

Estimate?

Tangible capital assets present the biggest non-financial asset for the Town. There is a risk of material misstatement related to the existence and accuracy of tangible capital assets and accuracy of timing of revenue recognition, particularly related to funds intended for tangible capital assets.

No

Our response and findings

- We obtained management's assessment of the impact of the newly effective PS 3160, Public Private Partnerships (P3) and PSG-8, Purchased Intangibles accounting standard and reviewed it against the PSAS criteria, along with our general understanding of the Town's operations. Management's assessment indicated that there are no current transactions that would meet the P3 or/and PSG-8 criteria, and we did not identify any issues with this assessment or the overall adoption process.
- We reviewed on a sample basis the additions to tangible capital assets and noted that management has appropriately capitalized the additions including transfers from work in progress to tangible capital assets. We obtained assurance related to the accuracy and existence of these additions and also assessed if these additions met the criteria for capitalization.
- For each sample of additions to tangible capital assets reviewed, we also assessed whether any of the additions related to a procurement contract for infrastructure or a betterment to infrastructure with private sector partners that would meet the recognition criteria under PS 3160, Private Public Partnership and PSG-8, Purchased Intangibles.
- We reviewed work in progress additions to ensure amounts are properly transferred to correct capital asset classes and amortization commences on a timely basis.
- We reviewed financial statement note disclosure in line with the PSAS.
- We obtained amortization policy and assessed reasonableness of estimated useful lives in use and to address the requirements of CAS 540, Auditing Accounting Estimates and Related Disclosure related to useful lives.
- There were no other significant findings as a result of our audit procedures for tangible capital assets. The amounts reported for tangible capital assets are reasonable and disclosures in the financial statements are in accordance with the Public Sector Accounting Standards.



Other risks of material misstatements and results



Contingencies

Other risks of material misstatement

PSAS 3300 Contingent Liabilities requires that the Town recognize a liability when “it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.” At any point in time, the Town is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, etc.

The Town has disclosed the contingent liability in note 18 of the financial statements.

Estimate?

Yes - Estimation uncertainty exists related to the likelihood and measurement of the contingent liability.

However, this estimation uncertainty does not result in a risk of material misstatement.

Our response

- We reviewed the Town’s assessments and claims listing that are used to develop and record the estimated liabilities.
- We obtained a legal confirmation from internal legal counsel and evaluated the assessments made by internal legal counsel on the pending legal matters in terms of determination of likelihood and measurability.
- We reviewed Council and committee meeting minutes to determine the completeness of contingencies and held discussions thereon with senior management, including internal legal representatives.

Our findings

- We reviewed the listing of active litigation and potential claims provided by internal legal counsel and reviewed assessments of each matter and the process employed to develop and record the related estimated liabilities. Management has recorded an accrual based on the likely amounts of loss after accounting for insurance coverage.
- As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however, the amounts currently recorded represent management’s best estimates of exposure given the information presently available.
- Based on the work performed, the contingent liabilities reported by the Town are reasonable.



Other risks of material misstatement and results



Consolidation

Other risks of material misstatement

Estimate?

The Town consolidates the following entities and organizations in the consolidated financial statements:

No

- Newmarket Public Library Board
- Newmarket Main Street District Business Improvement Area

Inter-departmental and inter-organizational transactions and balances are between these entities and organizations are eliminated.

In addition, the Town reports its government business enterprise equity investment in Newmarket Hydro Holdings Inc. based on the fair value of its investment reflected in the financial statements of the investment.

Our response and findings

- Each of the entities and organizations noted above are considered non-significant components to the Town's financial statements. For each of these entities and organizations, there is a required statutory audit performed. These individual audits are performed by the same audit team as for the main Town.
- We obtained an understanding the consolidation process in place by management including the review and approval controls, checks and balances, and information system being utilized for the consolidation process and the financial reporting process.
- We obtained the consolidation workbook from management and completed our audit procedures related to consolidation including elimination of inter-departmental and inter-organizational transactions, pick-up of government business enterprises and any other transactions that are relevant for consolidation.
- For the equity investment in Newmarket Hydro Holdings Inc., we obtained the draft audited financial statements of the entity and reported the amount of total comprehensive income for the year attributable to the Town of Newmarket.
- Based on the work performed, we did not identify any issues or errors.



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.

No significant deficiencies in internal control were noted during the audit.





Accounting policies and practices



Initial selection

The following new accounting standards came into effect for the year ended December 31, 2024 and were implemented by the Town:

- PS 3160 *Public Private Partnerships*
- PS 3400 *Revenues*
- PSG-8 *Purchased Intangibles*

Impact on adoption of new accounting policies are disclosed in Note 27 to the financial statements.



Revised

None in 2024.



Significant qualitative aspects

Significant accounting policies are disclosed in Note 1 to the financial statements.

Estimates and assumptions are disclosed in Note 1(r).



Audit quality - How do we deliver audit quality?

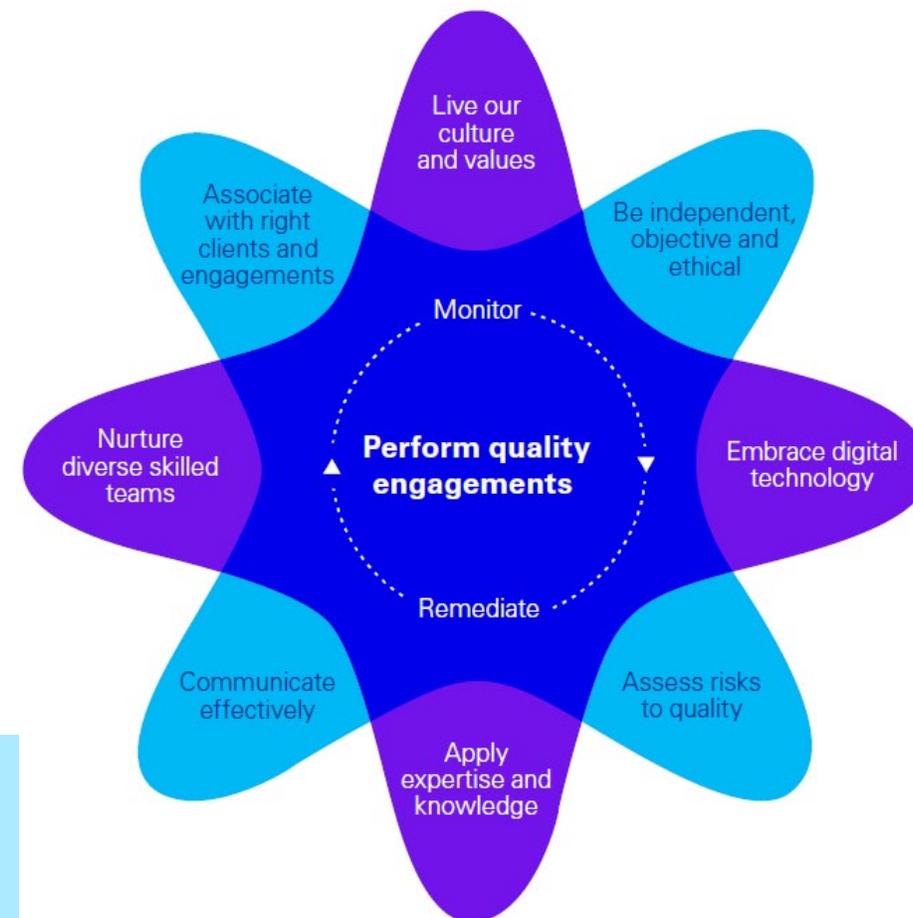
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

 [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



Other required communications



Required inquiries



Future changes in accounting standards



New auditing standards



Insights



Unleashing tomorrow – today with AI





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



Appendix B: 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 Town? 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 Town'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 Town's financial reporting (including those received through the Audit Committee's internal whistleblower program, if such programs exist)? If so, the Audit Committee responses to such tips and complaints?



Inquires regarding related parties and significant unusual transactions

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



Appendix C: Future 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 (<i>the Town's December 31, 2027 year-end</i>) 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 (<i>the Town's December 31, 2027 year-end</i>) to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. The 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.



Appendix C: Future 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 Employee benefits 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>.• 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 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, 2023 (effective for year ended December 31, 2024 for the Town of Newmarket)

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 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 Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Sustainability Reporting

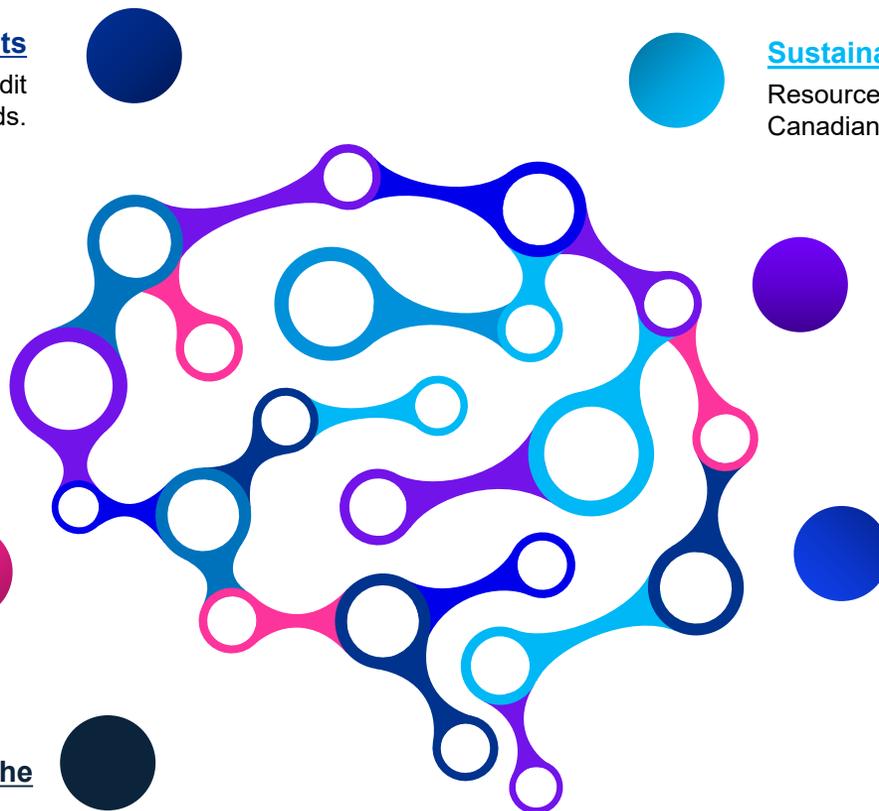
Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

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

Audit Committee Guide – Canadian Edition

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





Appendix F: Unleashing tomorrow - today with AI

Turn AI into a cornerstone of sustainable, competitive growth.

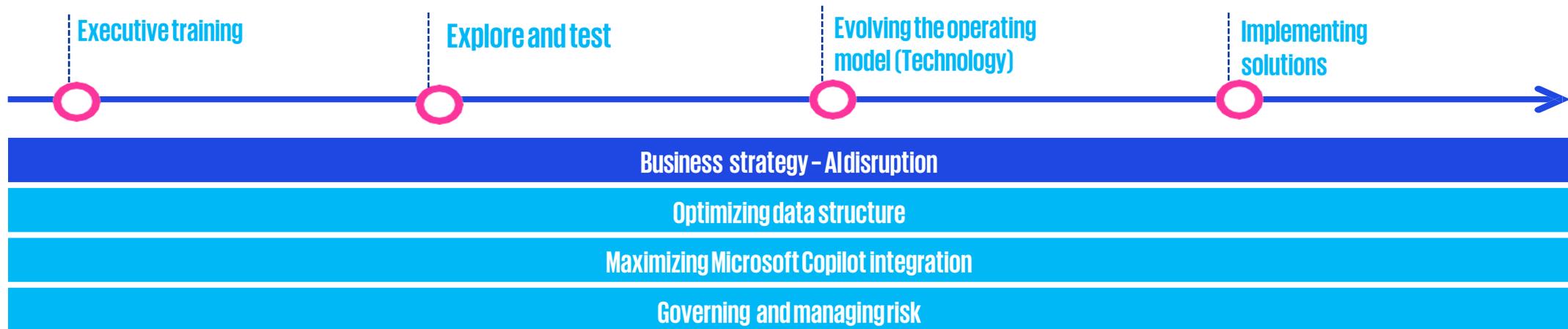
A comprehensive business strategy can seamlessly intertwine technology with your business's goals, transform AI from a concept into a key driver of your objectives, strategy and ROI.

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.

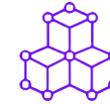
Brighter business intelligence, powered by AI

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.



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.



Appendix F: Unleashing tomorrow - today with AI (Continued)

4 key phases of a successful AI strategy



Understand

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

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

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

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.



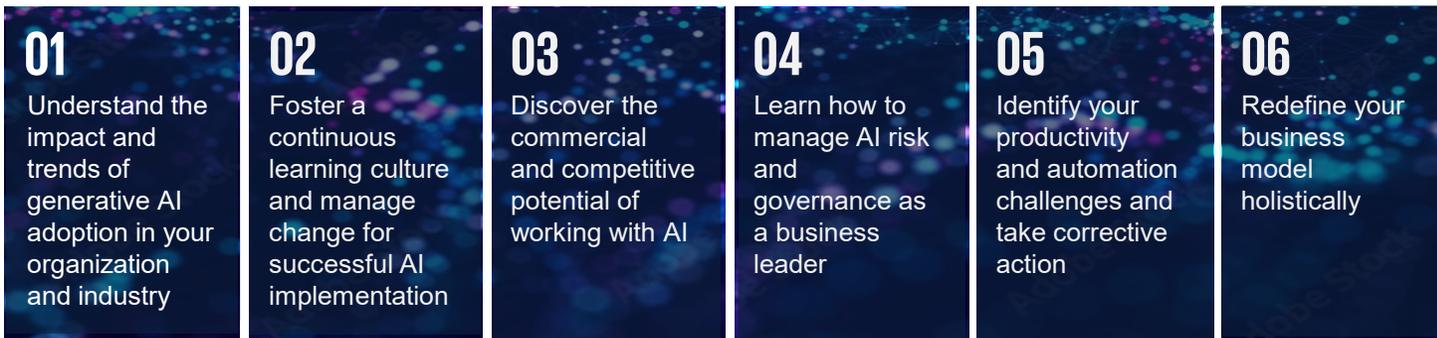
Appendix F: AI Education and Training for executives & boards

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.

60%

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

Change starts with you



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.

Executive and board training

- Presentation to various executive committees
- Presentation to the Board of Directors
- Role and responsibilities around AI as a board member and executive
- Workshop on concrete business potential
- AI strategic plan

AI strategy and value

Use case development

Implement AI solutions



Governing and managing risk (Trusted AI)

Workforce transformation and adoption

AI Data & Cloud infrastructure

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



Appendix F: AI Education and Training for executives and boards (Continued)

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.



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

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

