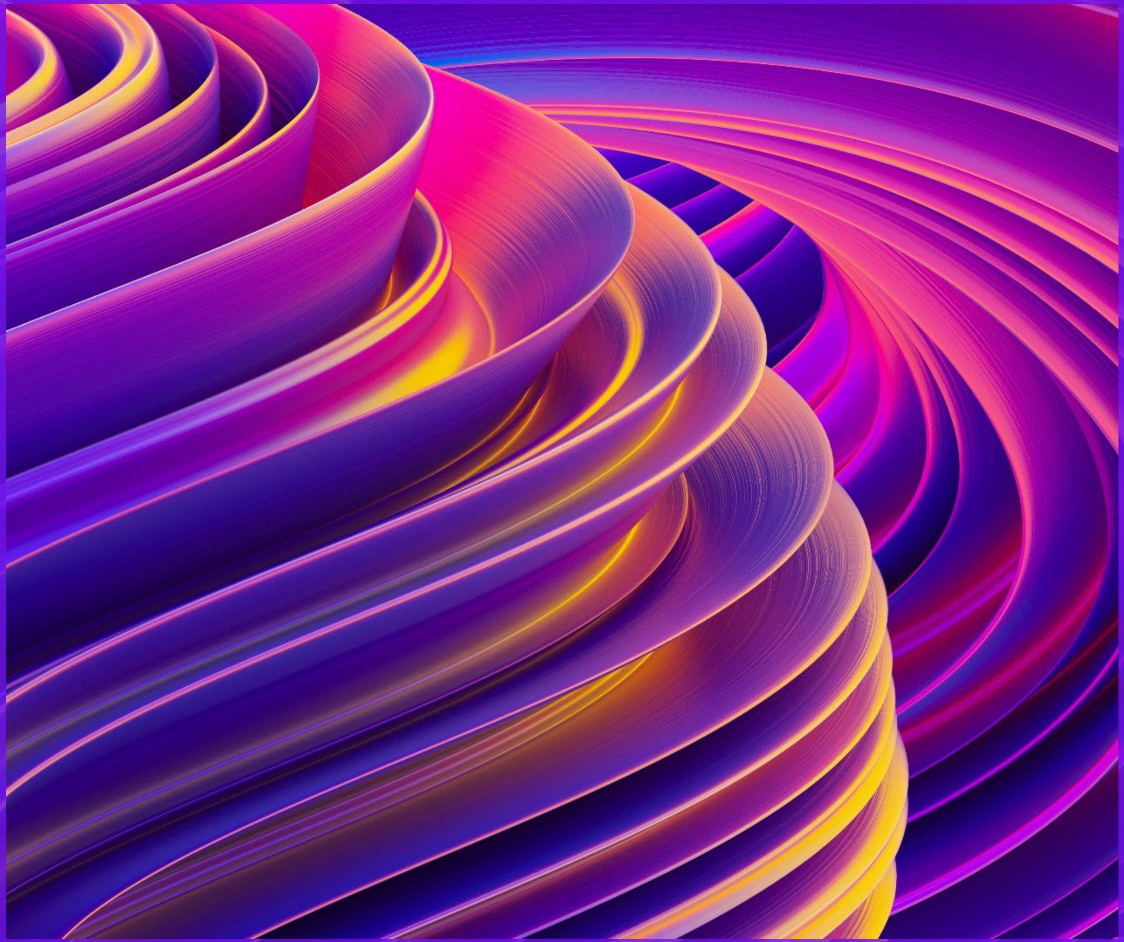
Appendix B

KPMG

The Corporation of the City of Markham



Audit Findings Report for the year ended December 31, 2024

KPMG LLP

Licensed Public Accountants

Prepared as of April 1, 2025 for presentation to the Development Service Committee on April 8, 2025

kpmg.ca/audit

KPMG contacts

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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.

Audit highlights

No matters to report

Matters to report – see link for details

Status

We have completed the audit of the consolidated financial statements ("financial statements") of the City of Markham, with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Significant changes

Significant changes since our audit plan

There were no significant changes to our audit plan which was originally communicated in the audit planning report.

Risks and results

Presumption of the risk of fraud involving improper revenue recognition

Management override of controls

Other significant findings and results

- Tangible capital assets
- Deferred revenue earned
- Employee future benefits liabilities
- Investments
- Contingencies
- Markham Enterprise Corporation

Policies and practices

Accounting policies and practices

Uncorrected misstatements

Uncorrected misstatements

- See "Uncorrected misstatements" slide 14 & 15 of this report.

Control deficiencies

Significant deficiencies

- We did not identify any significant control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See slide 16 for certain required communications regarding control deficiencies.

Audit Quality

Learn more about how we deliver audit quality

The purpose of this report is to assist you, as a member of the Development Service 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 and the Development Service Committee, 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.

Status

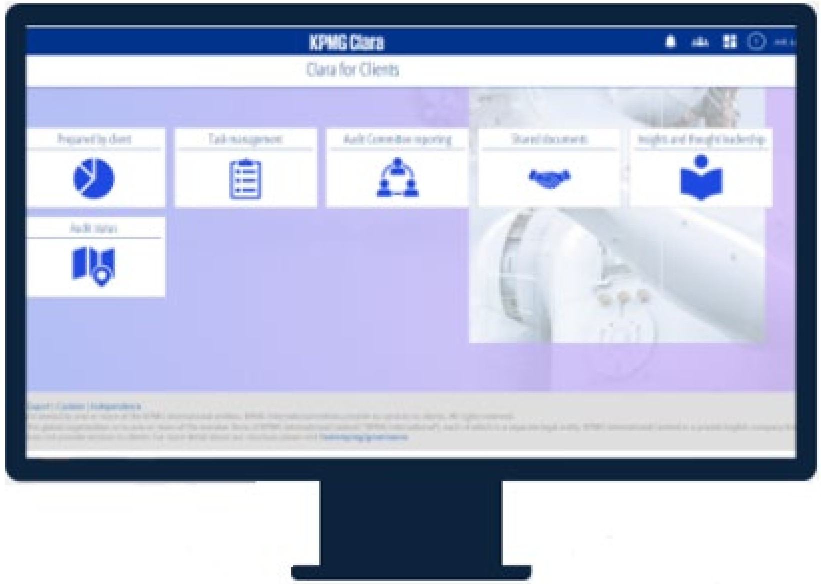
As of the date of preparation of this Audit Findings Report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Development Service Committee
- Obtaining evidence of the management's approval of the financial statements
- Completion of subsequent event review procedures
- Receipt of outstanding legal confirmation and completion of legal inquiries follow-up procedures
- Receipt of the signed management representation letter (to be signed upon the approval of the financial statements)

We will update the Development Service 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 **KCc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCc 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?
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.	No

Our response

- 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 reviewed controls implemented pertaining to revenue recognition and performed walkthroughs of key controls surrounding the revenue process.

Significant findings

- We did not identify any issues related to fraud risk associated with revenue recognition.

Significant risks and results

Management override of controls

RISK OF FRAUD

Significant risk	Estimate?
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

Our response

- 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;
  - evaluating the business rationale of significant unusual transactions.

Significant findings

- We did not identify any issues or concerns regarding management override of controls.

Other significant findings and results

We highlight **other significant findings**, including such findings in other areas of focus as identified in the Audit Plan as follows:

Tangible capital assets

Other significant findings	Estimate?
Tangible capital assets present the biggest non-financial asset for the City. 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 significant 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 City'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 land additions throughout the year to ensure that the value of transfers was accurately determined and appropriately recognized in the correct period based on the date the City obtained ownership of the land. During our review, we noted transactions related to out-of-period acquisitions, which are detailed on page 15.
- 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 CAS540, 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 significant findings and results

Deferred revenue earned

Other significant findings	Estimate?
Recognition of revenue relating to amounts previously deferred as a result of legislation or contractual agreements. During our substantive testing, we noted that the City recognized $40M (2023 - $32M) of deferred revenue earned.	No

Our response and significant 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 City’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 significant findings and results

Employee future benefits liabilities

Other significant findings	Estimate?
Employee future benefits represent a liability computed by management's actuarial experts. As the employee future benefits liabilities are significant and complex estimates, KPMG actuarial specialists were involved in completing the audit procedures.	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.

Significant findings

- Based on our review of the memo prepared by the Actuary, we noted that method applied for the estimate is acceptable per CIA and PSAS 3250 Retirement Benefits.
- KPMG actuarial specialist team assessed the key assumptions including discount rate used by the Actuary in light of the City's financial results. KPMG specialists noted that the assumptions used were set at the time of the most recent full valuation of the Plans (December 31, 2021). This is not in accordance with the Accounting Standard for an unfunded plan which requires assumptions to be appropriate at the measurement date. Some assumptions may not need to be updated annually but certain assumptions such as the discount rate for the funded plans can differ significantly year-over-year due to change in market conditions and thus need to be reassessed and re-determined on an annual basis at each measurement date. For 2024 year-end, this issue has immaterial impact on financial reporting.
- The disclosures included in the financial statements are in accordance with the requirements of the PSAS.

Other significant findings and results

Investments

Other significant findings	Estimate?
In accordance with PS 3450 Financial Instruments, investments with embedded derivative components must be recorded at fair value. PS 3450 allows the City to either bifurcate the embedded derivatives from the host contract or value the entire contract at fair value. The City has elected to designate the entire instrument at fair value. The City 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 City recognized $26.9M (2023 – $10.5M) 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.	Yes

Our response and significant findings

- We obtained and reviewed management's support for fair value reported by the City for PPNs.
- We confirmed all of the investment balances with investment managers, CIBC Wood Gundy and BMO Nesbitt Burns.
- We involved a KPMG specialist for pricing of fair value of financial instruments. KPMG specialist utilized iRadar, a Data & Analytics tool that combines both a proprietary software and expert financial analysis, to independently value a sample of PPNs which are the Level 2 investments.
  - iRadar is an industry standard pricing source to perform comprehensive portfolio valuations and analysis.
  - A centralized team of valuation specialists uses this software to derive independent fair values through the establishment of ranges of acceptable prices and comparisons of the range to the market price provided by management.
- We reviewed financial statement note disclosure in line with the PSAS.
- No matters to report.

Other significant findings and results

Contingencies

Other significant findings	Estimate?
PSAS 3300 Contingent Liabilities requires that the City 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 City 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. At year end, no provision has been made in the financial statements for any liability that may result.	Yes

Our response and significant findings

- We reviewed the City’s assessments of contingent liabilities and the process employed to develop and record the estimated liabilities. Where applicable, we met with the individuals responsible for the process and are satisfied that the methodology used is consistent with the approach taken in prior years and has been appropriately reviewed.
- We obtained external legal confirmations and reviewed the pending legal matters in terms of determination of likelihood and measurability.
- We did not note any issues in the City’s assessment of contingent liabilities and amount of related liabilities for the year-ended December 31, 2024.

Other significant findings and results

Markham Enterprise Corporation (MEC)

Other significant findings	Estimate?
The City recognizes its investment in MEC using the modified equity method. We reviewed the criteria per PS 3070, Investment in Government Business Enterprises and noted the City's investment in MEC continues to meet the criteria of the section and therefore it is appropriate to continue to record the investment in MEC using the modified equity method of accounting. Included in the annual surplus for the City for the year is $28.4M (2023 - $25.4M), which represents 100% of the net income of MEC for the year. The City's share of MEC's other comprehensive gain of $300K (2023 – loss of $150K) is reported in the Statement of Remeasurement Gains and Losses. During the year, MEC paid the City dividends of $12M (2023 –$14.8M), which are treated as a reduction to the investment under the modified equity method. There was a return of capital to the City of $1M (2023 – $962K) and a refund of promissory note of $67.9M (2023 – nil), which is also treated as a reduction to the investment.	No

Our response and significant findings

- We reviewed the MEC modified equity method calculation for above transactions.
- We reviewed notes disclosures and noted these transactions are disclosed properly in Note 7 of the financial statements
- Based on the audit work performed, there were no other items of significance to be reported.

Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions. As required by professional standards, we request these misstatements be corrected.

Impact of uncorrected misstatements – Not material to the financial statements

Uncorrected audit misstatements

- The management representation letter includes the Summary of Uncorrected Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial
    - This includes the effect of correction of transactions related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The ending balances are correct however an uncorrected error has been reported for the opening balances.
- Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements —individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.
- Discussion about the uncorrected misstatements or matters underlying the uncorrected misstatements (e.g. control deficiencies) could potentially cause future-period financial statements to be materially misstated.

Corrected audit misstatements

We did not identify misstatements that were subsequently corrected in the financial statements.

Uncorrected audit misstatements

Uncorrected misstatements greater than $960K individually:

Presented in thousands	Annual surplus	Financial position		
Description of misstatements greater than $960K	**(Decrease) Increase**	**Assets (Decrease) Increase**	**Liabilities (Decrease) Increase**	**Equity (Decrease) Increase**
#1 – To propose adjustment for out of period land additions that were acquired prior to 2024. This item was corrected by management in fiscal 2024 and as a result of this adjustment, ending balances for tangible capital assets and accumulated surplus are correct.	(8,654)			
Total misstatements **(see Appendix: Management Representation Letter)**	**(8,654)**			

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 City:

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

Impact on adoption of new accounting policies are disclosed in Note 2 to the financial statements.

Revised

None in 2024.

Significant qualitative aspects

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

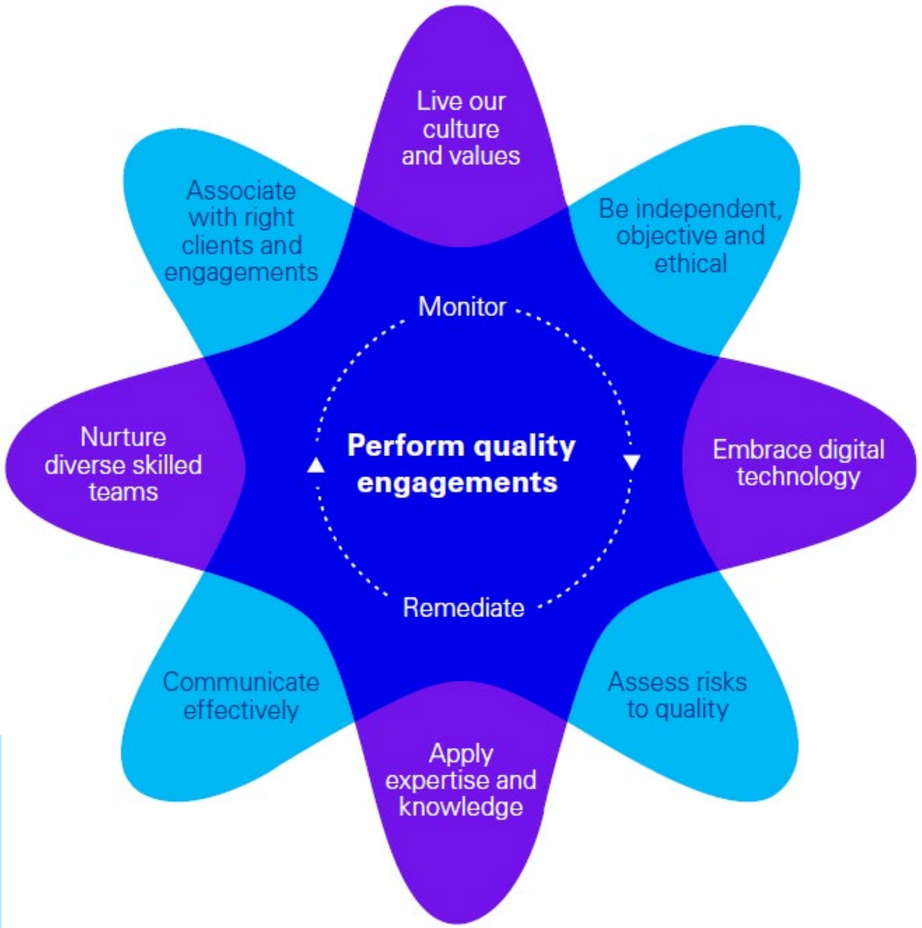
Estimates and assumptions are disclosed in Note 1(p).

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

A Other required communications

B Required inquiries

C Future changes in accounting standards

D New auditing standards

E Insights

F Unleashing tomorrow – today with AI

G AI Education and Training for executives and board

Appendix A: Other required communications

Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Development Service 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: 2022 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2023 Interim Inspections Results
- CPAB Regulatory Oversight Report: 2023 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2024 Interim Inspections Results

Appendix B: Required inquiries of the Development Service Committee

Inquiries regarding risk assessment, including fraud risks

- What are the Development Service Committee's views about fraud risks, including management override of controls, in the City? And have you taken any actions to respond to any identified fraud risks?
- Is the Development Service Committee aware of, or has the Development Service 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 Development Service Committee exercise oversight of the City's fraud risks and the establishment of controls to address fraud risks?

Inquiries regarding company processes

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

Inquires regarding related parties and significant unusual transactions

- Is the Development Service Committee aware of any instances where the City entered into any significant unusual transactions?
- What is the Development Service Committee's understanding of the City's relationships and transactions with related parties that are significant to the City?
- Is the Development Service 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

Financial Statement Presentation	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 *(the City's December 31, 2027 year-end)* to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.
	• The section includes the following:
	  • 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.

Concepts Underlying Financial Performance	• The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 (*the City's December 31, 2027 year-end*) 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.

Appendix C: Future changes in accounting standards (continued)

Standard	Summary and implications
Employee benefits	• The Public Sector Accounting Board has initiated a review of sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. • 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 *Employee benefits* will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. • 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

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

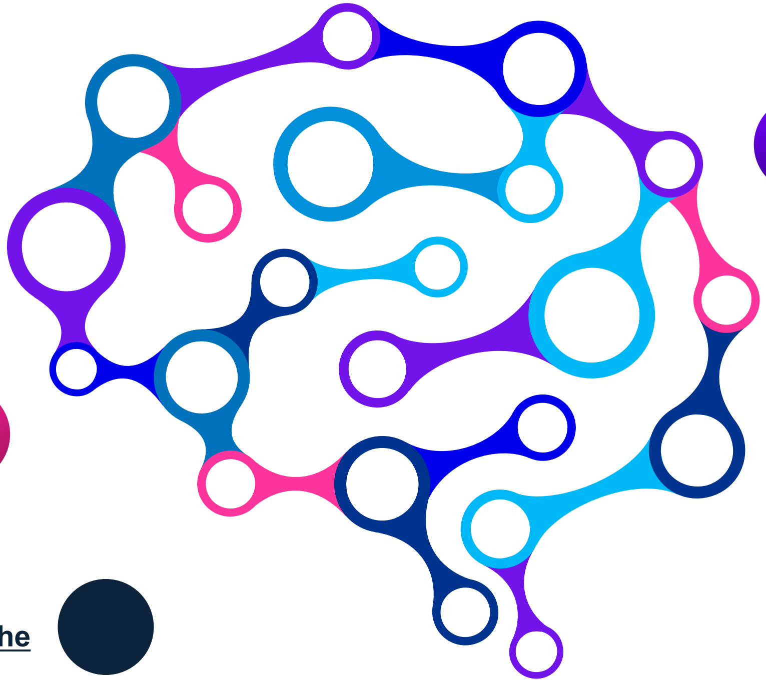
Forming an opinion and reporting on the financial statements

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.

Sustainability Reporting
Resource centre on implementing the new Canadian reporting standards



Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

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

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

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate - The key issues driving the audit committee agenda
Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Appendix F: Unleashing tomorrow – today with AI

(see attachment below)

KPMG

Unleashing tomorrow, today with AI

Business strategy with AI disruption

Turn AI into a cornerstone of sustainable, competitive growth.

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

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

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

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

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

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

Brighter business intelligence, powered by AI

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

Executive training

Explore and test

Evolving the operating model (Technology)

Implementing solutions

Business strategy – AI disruption

Optimizing data structure

Maximizing Microsoft Copilot integration

Governing and managing risk

KPMG

4 key phases of a successful AI strategy

01 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.

02 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.

03 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.

04 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.

kpmg.com/ca

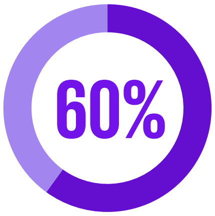
Appendix G: AI Education and Training for executives and board

(see attachment below)

AI Education and Training for executives and boards

Start your AI journey with confidence.

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



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

Change starts with you

01 Understand the impact and trends of generative AI adoption in your organization and industry

02 Foster a continuous learning culture and manage change for successful AI implementation

03 Discover the commercial and competitive potential of working with AI

04 Learn how to manage AI risk and governance as a business leader

05 Identify your productivity and automation challenges and take corrective action

06 Redefine your business model holistically

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

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

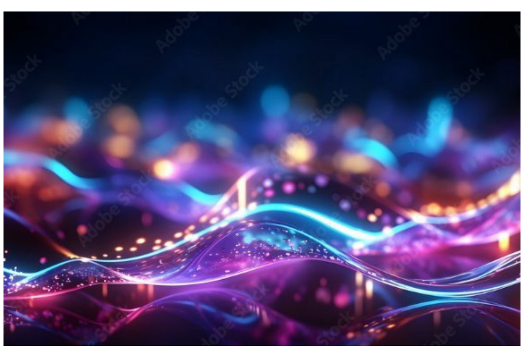
KPMG, a leader in generative AI

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