



Agenda
Audit Committee

The Corporation of the City of Brampton

Date: Tuesday, June 10, 2025
Time: 9:30 a.m.
Location: Hybrid Meeting - Virtual Option & In-Person in Council Chambers – 4th Floor – City Hall
Members: Regional Councillor D. Keenan, Chair
Regional Councillor P. Vicente, Vice-Chair
Regional Councillor N. Brar
Regional Councillor M. Palleschi
Regional Councillor G. Toor
Nicole Russell, Citizen Member

Accessibility of Documents: Documents are available in alternate formats upon request. If you require an accessible format or communication support contact the Clerk's Department by email at city.clerksoffice@brampton.ca or 905-874-2100, TTY 905.874.2130 to discuss how we can meet your needs.

Note: This meeting will be live-streamed and archived on the City's website for future public access.

1. Call to Order

2. Approval of Agenda

3. Declarations of Interest under the Municipal Conflict of Interest Act

4. Consent

The Meeting Chair will review the relevant agenda items during this section of the meeting to allow Members to identify agenda items for debate and consideration, with the balance to be approved as part of the Consent Motion given the items are generally deemed to be routine and non-controversial.

5. Presentations\Delegations

5.1 Delegation from Maria Khoushnood, Lead Audit Engagement Partner, KPMG, re: Item 7.1 - 2024 Audited Consolidated Financial Statements for the City of Brampton

(See Item 7.1 - Attachment 4 - KPMG Audit Findings Report (for the year ended December 31, 2024))

6. Reports - Internal Audit

6.1 Staff Report re: Fleet Asset Management Audit 2025 Report

Recommendation

Note: A presentation will be provided by staff.

6.2 Staff Report re: Fuel Management Audit 2025 Report

Recommendation

Note: A presentation will be provided by staff.

6.3 Staff Report re: Management Action Plans Follow-up Engagement Report (Operational Audits)

To be received

6.4 Staff Report re: 2025 Internal Audit Work Plan Status Update

To be received

6.5 Staff Report re: Corporate Ethics Hotline Quarterly Report – Q2 2025

To be received

7. Reports - Finance

7.1 Staff Report re: 2024 Audited Consolidated Financial Statements for the City of Brampton

Recommendation

(See Item 5.1)

8. Other/New Business

9. Question Period

10. Public Question Period

15 Minute Limit (regarding any decision made at this meeting)

During the meeting, the public may submit questions regarding recommendations made at the meeting via email to the City Clerk at cityclerksoffice@brampton.ca, to be introduced during the Public Question Period section of the meeting.

11. Closed Session

Note: A separate package regarding these agenda items are distributed to Members of Council and senior staff only.

12. Adjournment

Next Regular Meeting: Tuesday, October 7, 2025 at 9:30 a.m.



Delegation Request

For Office Use Only:
Meeting Name:
Meeting Date:

Please complete this form for your request to delegate to Council or Committee on a matter where a decision of the Council may be required. Delegations at Council meetings are generally limited to agenda business published with the meeting agenda. Delegations at Committee meetings can relate to new business within the jurisdiction and authority of the City and/or Committee or agenda business published with the meeting agenda. **All delegations are limited to five (5) minutes.**

Attention: City Clerk's Office, City of Brampton, 2 Wellington Street West, Brampton ON L6Y 4R2

Email: cityclerksoffice@brampton.ca Telephone: (905) 874-2100 Fax: (905) 874-2119

Meeting: ☐ City Council ☐ Planning and Development Committee
☐ Committee of Council ☒ Other Committee:

[Audit Committee](#)

Meeting Date Requested: [June 10, 2025](#)

Agenda Item (if applicable):

Name of Individual(s): [Maria Khoushnood](#)

Position/Title: [Lead Audit Engagement Partner](#)

Organization/Person
being represented: [KPMG](#)

Full Address for Contact:

Telephone:

Email:

Subject Matter
to be Discussed: [2024 Audited Consolidated Financial Statements for the City of Brampton](#)

Request to
Council/Committee:

Attendance: ☐ In-person ☐ Remote

A formal presentation will accompany my delegation: ☒ Yes ☐ No

Presentation format: ☐ PowerPoint File (.ppt) ☐ Adobe File or equivalent (.pdf)
☐ Picture File (.jpg) ☐ Video File (.mp4)

☐ Other:

Additional information/materials will be distributed with my delegation: ☐ Yes ☐ No ☐ Attached

Note: Delegates are requested to provide to the City Clerk's Office **well in advance of the meeting date:**

- (i) all background material and/or presentations for publication with the meeting agenda and /or distribution at the meeting, and
- (ii) the electronic file of the presentation to ensure compatibility with corporate equipment.

Submit by Email

Once this completed form is received by the City Clerk's Office, you will be contacted to confirm your placement on the appropriate meeting agenda.

Personal information on this form is collected under authority of the Municipal Act, SO 2001, c.25 and/or the Planning Act, R.S.O. 1990, c.P.13 and will be used in the preparation of the applicable council/committee agenda and will be attached to the agenda and publicly available at the meeting and on the City's website. Questions about the collection of personal information should be directed to the City Clerk's Office, 2 Wellington Street West, Brampton, Ontario, L6Y 4R2, tel. 905-874-2100, email: cityclerksoffice@brampton.ca.

Date: 2025-05-30

Subject: **Fleet Asset Management Audit 2025 Report**

Contact: Claire (Fang) Mu, Director, Internal Audit,
fang.mu@brampton.ca

Report Number: CAO's Office-2025-496

Recommendations:

1. That the report titled: Fleet Asset Management Audit 2025 Report, to the Audit Committee Meeting of June 10, 2025, be received and the recommendations contained in **Appendix 1: Fleet Asset Management 2025 Report** be approved.

Overview:

- This audit identified key opportunities to improve operational consistency, strengthen internal controls, and improve the overall efficiency and accountability of the City's fleet management activities.
- The issues and associated management action plans are detailed in the body of the audit report located in **Appendix 1: Fleet Asset Management Audit 2025 Report**.
- **Appendix 2** contains the presentation slides for this audit report.

Internal Audit discussed the following improvement opportunities with Fleet Management.

Process	Finding	Rating
Monitoring of Vehicle Utilization Needs to be Enhanced	Vehicle utilization is monitored through a report that combines data from M5, the asset management software, and the Automatic Vehicle Location (AVL) system to capture vehicle mileage. In 2024, the report showed that 27% of light-duty vehicles recorded under 5,000 km, and 25% of heavy-duty vehicles under 2,000 km, suggesting potential underutilization. Further review of the vehicle utilization monitoring process found:	

	<ul style="list-style-type: none"> • No formal definition of underutilization exists. • No systematic process is in place to follow up on vehicles with low mileage; reviews are informal and not documented. • Not all vehicles have a functioning AVL unit. In 2024, 25 had no mileage data, and 11 showed “Not Used” despite usage in M5. 	P2
Review Controls for New Vehicle and Equipment Requests Needs to be Improved	<p>All new asset requests must be accompanied by a <i>New Vehicle/Equipment Request</i> form approved by the user department’s Supervisor, Director and Commissioner before submission to Fleet for review and final sign-off.</p> <p>A review of 5 samples of New Acquisitions found that:</p> <ul style="list-style-type: none"> • None of the 5 request forms had proper approval. Business unit Commissioner, Director, and Supervisor signatures were missing on all forms; 3 also lacked the Fleet Manager’s signature. • Not all request forms were fully completed. 1 was missing the Fleet services recommendations section, and another was marked “No” for procurement due to ‘low utilization’ but was still added to the budget without explanation. 	P2
Tracking of Equipment Locations in M5 Needs to be Enhanced	<p>M5 lists the user departments but not the actual equipment locations, making it difficult to know where assets are stored or used.</p> <p>The physical inventory count found several equipment units were at locations different from the “User Department” shown in M5.</p> <p>For example, the system lists a 2012 John Deere Gator (Unit FW12229) under Fleet Maintenance, but it was actually found at the Susan Fennel Recreation Centre during the physical count.</p>	P2

<p>Fleet Data Provided for Insurance Purposes Needs to be Complete and Current</p>	<p>Each year, Fleet provides an asset list to Risk & Insurance, who then forward it to the broker to ensure coverage under the City's blanket insurance policy. Only vehicles included on the list as of January 1 are insured for the upcoming year.</p> <p>A review of the asset list sent to Risk & Insurance team in 2024 found that:</p> <ul style="list-style-type: none"> • 35 active vehicles (25 rentals and 10 City-owned) were missing from the insurance list sent to the Risk & Insurance team in August, with no final year-end update. • 6 of the vehicles were acquired before 2024, with the rest being added in the last 3 months of 2024. 	<p>P2</p>
<p>Updating of Disposed Fleet Assets in M5 Needs to be Improved</p>	<p>When a vehicle nears the end of its useful life and is removed from service, its status should be updated to "Decommissioned" in M5. Once the vehicle is sold at auction, the status should then be changed to "Disposed" in M5 to ensure it is removed from the active asset listing.</p> <p>During the inventory count at the end of April, a unit sold at auction in January 2025 was still showing "Active" in M5 at Memorial Arena.</p> <p>A review of 7 units auctioned off in January 2025 found that as of May, 4 were still "Flagged for Disposal" and 3 were still "Active" in M5, although they should all be "Disposed".</p> <p>Additionally, 3 tractors sold in December 2023 are still marked "Flagged for Disposal", although they should all be "Disposed".</p>	<p>P2</p>
<p>SOPs Need to be Developed to Standardize Fleet Administration Practices</p>	<p>Fleet Administration currently lacks formal standard operating procedures (SOPs). While some forms are used to support key tasks, they do not provide clear or complete guidance. SOPs are needed for core functions, including asset replacements, new acquisitions, procurement, disposals, and rental car management.</p>	<p>P2</p>

These issues and associated management action plans are discussed in more detail in **Appendix 1**. These issues are rated as per the criteria described in **Appendix 1** of the Audit Report.

Conclusion:

Overall, Fleet Services has implemented several effective measures to support the management of the City's fleet operations. The division makes strong use of key systems such as M5 and AVL to monitor and manage fleet assets. Established lifecycle parameters for both light-duty and heavy-duty vehicles contribute to a structured and efficient vehicle replacement program. Processes for the receipt of vehicles and equipment are functioning well, and physical security measures are in place to protect fleet assets. Additionally, rental vehicle management is well-organized, with clear procedures for tracking usage, processing invoices, and reporting damages.

However, the audit also identified several key areas for improvement. These include the need to formalize the vehicle utilization review process, enhance the tracking and timely updating of equipment locations within M5, and ensure that new vehicle request documentation is complete and properly approved. The status of disposed assets should be updated in M5 in a timely manner, and the fleet data provided to the City's insurance team should be reviewed to ensure accuracy and completeness. Lastly, the development of standard operating procedures (SOPs) would help guide key administrative functions and promote consistency across the division.

Authored by:

Reviewed by:

Brad Cecile, Manager
Internal Audit

Claire (Fang) Mu, Director
Internal Audit

Attachments:

- Appendix 1 – Fleet Asset Management Audit 2025 Report
- Appendix 2 – Fleet Asset Management Audit Presentation Slides



Fleet Asset Management Audit Report 2025

June 10, 2025

Claire Mu, CIA, CISA, CPA, CFA, MMPA, MFin
Director, Internal Audit

Brad Cecile, CIA, CPA
Manager, Internal Audit

Internal Audit



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Executive Summary

Background

Fleet Services manages the procurement, maintenance, and disposal of vehicles and equipment for City of Brampton operations, excluding Fire and Transit. These assets support essential services such as road maintenance and parks operations. The Fleet Administration team, part of the Public Works and Engineering Department, is responsible for managing the full lifecycle of fleet assets.

The City uses FleetFocus M5 software to track all fleet assets, including usage, maintenance history, and costs. M5 also generates reports to support operational planning, such as annual lifecycle assessments that help identify vehicles for replacement. These assessments consider factors such as age, usage, and vehicle condition. Replacement recommendations are reviewed and submitted through the annual budget process, where priorities are adjusted based on available funding. When budget constraints exist, vehicles in the poorest condition are prioritized for replacement.

Fleet acquisitions include both replacements and new vehicle requests, which require a business case and are considered during the budget cycle. Once approved, vehicles are procured, inspected at the Williams Parkway Operations Centre, and outfitted for service. Vehicle usage is monitored through various sources, and underutilized assets are flagged for review.

The City maintains an internal pool of approximately 30 vehicles to provide temporary replacements when needed by user departments and uses external rentals during peak periods. When vehicles are flagged for replacement, they are decommissioned, prepared for auction, and removed from the system.

The audit was initiated as part of the 2025 audit plan. Fleet was last audited in 2012.

Audit Objectives

The audit aimed to assess whether Fleet has:

- established appropriate policies and procedures to support effective, consistent, and accountable asset management operations.
- implemented processes to support effective planning and acquisitions of fleet assets.
- established controls to effectively manage and monitor fleet assets throughout their lifecycle.
- implemented procedures to oversee and monitor vehicle rentals and disposals in a controlled and efficient manner.

What We Recommend

This audit report recommends that staff:

- 1. Enhance Monitoring of Vehicle Utilization**

Implement a structured and consistent vehicle utilization review process that includes defined thresholds, scheduled reviews, and documented explanations for underutilized assets from business units to support optimal fleet usage.

- 2. Improve Review Controls for New Vehicle and Equipment Requests**

Establish a formal review process to ensure that all new vehicle and equipment request forms are properly completed, reviewed, and approved by both business unit and Fleet management before being added to the budget submission.

- 3. Enhance Tracking of Equipment Locations in M5¹**

Implement a process to accurately record and update the physical location of equipment in M5. This will help safeguard assets and improve traceability.

- 4. Ensure Complete and Up-to-Date Fleet Data for Insurance Purposes**

Implement a year-end process to ensure a complete and current listing of all active fleet vehicles and equipment is submitted to the City's Risk & Insurance Unit to maintain insurance coverage.

- 5. Ensure Timely Updates of Disposed Fleet Assets in M5**

Integrate timely status updates into the asset disposal process to reflect when a unit is no longer available for use and when the unit has been sold, ensuring accurate records in M5.

- 6. Develop SOPs to Standardize Fleet Administration Practices**

Develop standard operating procedures for all core Fleet Administration functions to ensure consistency, support staff training, and maintain continuity during staffing transitions.

Conclusion

Overall, Fleet Services has implemented several effective measures to manage the City's fleet operations. The division effectively utilizes key systems such as FleetFocus M5 and Automatic Vehicle Location (AVL) to monitor and manage fleet assets. Lifecycle parameters have been established for both light and heavy-duty vehicles, supporting a structured and efficient vehicle replacement program. Processes for vehicle and equipment receipt are functioning effectively, and appropriate physical security measures are in place to safeguard fleet assets. The management of rental vehicles is also well-organized, with clear procedures for tracking usage, invoicing, and damage reporting.

¹ The physical count was only for equipment. Vehicles are equipped with AVL's so their whereabouts can be tracked at any time.

However, the audit also identified several key areas for improvement. These include the need to formalize the vehicle utilization review process, enhance the tracking and timely updating of equipment locations within M5, and ensure that documentation for new vehicle requests is complete and properly approved. The status of disposed assets should be updated timely in M5 and the asset data provided to the City's insurance team should be reviewed for completeness. Finally, the development of standard operating procedures (SOPs) would provide guidance for key Fleet Administration functions and support consistent practices across the division.

Implementing the recommended actions will address these gaps, enhance operational consistency, strengthen internal controls, and improve the overall efficiency and accountability of the City's fleet management activities.

**Management Action
Plans**

Management has reviewed the audit findings and agrees with all recommendations. Action plans have been developed to address each recommendation accordingly.

**Thank You to
Management and Staff**

We appreciate the cooperation and assistance of the management and staff of Fleet during the audit.

Distribution List

Standard Recipients

Members of Audit Committee

CAO

Members of Council

Members of Leadership Team

KPMG LLP, Chartered Accountants (Statutory Auditor)

Maria Khoushnood, Partner, Private Enterprise

Additional Recipients

Road Maintenance, Operations and Fleet

- Shane Loftus, Director, Road Maintenance, Operations and Fleet
- Angelo Mancuso, Manager, Fleet

Background

Fleet Services plays a vital role in supporting City operations by procuring, managing, and maintaining vehicles and equipment.

The Brampton Fleet Services group is responsible for procuring, managing, and maintaining safe and sustainable vehicles and equipment for all City operations, excluding Fire & Emergency Services and Transit. These vehicles and equipment enable City staff to deliver essential services to residents, including road and infrastructure repairs, by-law enforcement, and the maintenance of parks and recreational facilities.

Fleet Administration provides a full range of asset management functions, including vehicle acquisitions, disposals, replacements, and fleet rentals. The group operates under the Road Maintenance, Operations & Fleet Division, which is part of Public Works and Engineering.

There are currently 7 full-time permanent employees in Fleet Administration including one Supervisor, Administration, one Analyst, Fleet, one Clerk, Fleet & Traffic Outside Services, two Maintenance Persons and two Technicians, Fleet. All administration staff report to the Supervisor, Administration, who reports to the Manager, Fleet.

FleetFocus M5 is the City's centralized system for tracking and analyzing all fleet assets across departments.

Fleet Management System

FleetFocus M5, the asset management software, is used by Fleet Services, Fire and Emergency Services as well as Brampton Transit to manage all City-owned and rented vehicles and equipment. The system maintains detailed records for each asset, including age, vehicle mileage or equipment usage hours, maintenance history, and operating costs.

Table 1. Licensed Vehicles by Category as of March 15, 2025

Licensed Vehicles by Category as of March 15, 2025		
Light Vehicles	Models	#
Pickup Trucks - 4x4	Chevrolet Silverado, Ford F150/F250/F350, Dodge Ram 1500/3500	141
Pickup Trucks - 4x2	Ford F150/F250	7
Compact Trucks/SUVs - 4x4	Chevrolet Equinox/Colorado, Ford Ranger, Jeep Patriot, Mitsubishi RVR	141
Compact Cars	Ford Focus, Chevrolet Malibu	2
Cargo Vans	Ford Transit 250/E150, GMC Savana, Dodge Sprinter 2500	16
Compact Vans	Dodge Caravan	7
Sport Utility Vehicles	Dodge Hornet, Hyundai IONIQ5	43
TOTAL - Light Vehicles		357
Heavy Vehicles	Models	#
1-7.5 Ton Trucks - Dump/Flat Bed	Dodge Ram 3500/5500	8
20-34 Ton Trucks - Dump/Flat Bed/Flusher	Freightliner 114SD/114SD Plus	19
20-35 Ton Trucks - Bucket/Crane	International 40S, Mack MRU613	2
7.5-20 Ton Trucks- Wheel Dump/Flat Bed/ Tanker	Dodge Ram 5500, Ford F550 XL, Freightliner M2/114SD, Isuzu NQR/NRR	84
7.5-20 Ton Specialty Trucks- Crane/Aerials	Ford F550 XL	4
TOTAL - Heavy Vehicles		117
TOTAL - Licensed Vehicles		474

Fleet uses M5 lifecycle reports and condition assessments to prioritize which vehicles will be replaced annually.

Fleet Planning and Replacements

Each year, a lifecycle report is generated in M5 to identify vehicles due for replacement in the following year. This report is based on lifecycle parameters, which consider vehicle category, user group usage pattern, and years of service. The list of vehicles scheduled for replacement, along with the total estimated replacement cost, is reviewed and approved by the Director, Road Maintenance, Operations & Fleet before being submitted to Council as part of the annual budget process.

If full funding is not approved, Fleet Administration collaborates with Fleet Maintenance to further evaluate the vehicles due for replacement, prioritizing those in the poorest condition. This evaluation considers factors such as lifecycle thresholds, mileage, maintenance history and overall condition. The revised replacement list is then included in the budget package submitted to Council for approval.

Once the budget is finalized, Fleet Administration works with Fleet Maintenance to determine the technical specifications for each asset. These specifications are then submitted to Purchasing which reviews them and issues a bid call in compliance with procurement policies.

New vehicle and equipment requests require an approved form and a business case and are reviewed annually as part of the budget process.

Fleet Acquisitions

In addition to replacements, operating departments that require additional vehicles or equipment beyond their current fleet resources can submit a *New Vehicle/Equipment Request Form*. All requests must be accompanied by a business case that includes the following details:

- Intended users of the vehicle or equipment,
- Business Units that will benefit from the acquisition,
- Specific tasks the new assets will support,
- Expected timing and frequency of use.

The request form and business case is approved by the Director and Commissioner of the requesting department and sent to Fleet. While new requests can be submitted at any time during the year, they are only reviewed for consideration during the annual budget process. If a request is approved, the business unit collaborates with Fleet staff to finalize the technical specifications before submitting the requisition to Purchasing for procurement.

New vehicles and equipment are received, inspected, and outfitted for service at Williams Parkway Operations Centre.

Fleet Receipts

All new vehicles and equipment are delivered to the Williams Parkway Operations Centre (WPOC), the central hub for fleet operations. Upon arrival, Fleet technicians or administrative staff inspect the vehicle alongside the delivery personnel to ensure it meets all purchase order specifications. This inspection includes checking for required features such as lighting, backup buzzers, racks and other customizations before signing off on the delivery slip.

Once received, the vehicle is outfitted with the necessary equipment and documents, including radios, decals, vehicle data units (VDUs), insurance slips and fire extinguishers, before being entered into M5. A checklist is completed to ensure necessary onboarding steps are taken.

Fleet vehicles are securely stored at City sites with gated access and surveillance and are equipped with GPS tracking.

Fleet Vehicle Storage & Security

The City's main storage locations for fleet vehicles are Williams Parkway, Sandalwood, Teramoto, and Glidden. Each location is secured with fencing and gated access, which can only be opened using a City vehicle key fob. Additionally, all locations are equipped with 24/7 surveillance cameras. Spare keys for each vehicle are stored in a locked cabinet within a secured office. All licensed vehicles are equipped with an Automatic Vehicle Location (AVL²) unit which is a GPS-based system with the ability to monitor the real-time location and movement of a vehicle.

² A device installed in fleet vehicles that captures real-time data such as location, speed, idling time, and engine diagnostics.

Vehicle utilization is monitored through a report combining data from M5 and mileage from the AVL system.

Vehicle Utilization & Mileage Tracking

Vehicle mileage is affected by fluctuations in seasonal workloads such as snowplows in the summer and parks maintenance vehicles in the winter. Vehicles with low utilization are flagged and fleet staff reach out to the respective operating unit to discuss the underutilization. In general, heavy-duty vehicles such as dump trucks, flatbeds, and tankers record lower mileage compared to light-duty vehicles, due to their specialized use.

All vehicles are equipped with an AVL system which uses satellite technology to capture vehicle movements in real time and track mileage. Vehicle utilization is monitored through a fleet activity report that combines data from M5 and the AVL system. The vehicle utilization report is run by IT and sent to fleet for their review.

The City supplements its fleet through an internal pool of vehicles and external rentals, with seasonal demand increasing during spring and summer.

Vehicle Motor Pool and Outside Rentals

The City maintains a motor pool of approximately 30 vehicles available for internal rentals. These vehicles serve as temporary replacements for user departments when their assigned vehicles undergo maintenance or repairs, are involved in a collision or awaiting replacement. The motor pool is primarily used during the spring and summer, to facilitate parks maintenance work as the Parks Maintenance Division, a major user of City vehicles, employs about 200 seasonal staff. Most motor pool vehicles are Ford F-250 trucks. The City currently does not impose limits on internal rental duration.

If additional fleet resources are required and no motor pool vehicles are available, the City resorts to outside rental agencies. User departments develop a rental list for the upcoming summer which outlines vehicle and equipment needs and the expected duration of rentals. Rental lists are approved by both the respective Business Unit Manager and division heads before being forwarded to Fleet who makes the necessary arrangements with the rental car provider. Once rentals arrive at Williams Parkway, they are outfitted with City of Brampton decals, assigned a unit number, and entered into M5. Most rentals are returned by the end of September, though extensions can be arranged if necessary. The City maintains a three-year purchase order with the vehicle rental provider to facilitate these rentals.

Vehicles and equipment being replaced are decommissioned, stripped of city property and insignia and sent to auction.

Vehicle and Equipment Disposals

The majority of decommissioned vehicles and equipment are sold through auctions. When a vehicle is nearing the end of its useful life and has been approved for replacement, it is removed from active service. Before disposal, City property and insignia including decals, logos, radios, light bars, and racks are removed, and the vehicle is officially decommissioned. Fleet completes an *Asset Disposal Form* for each vehicle and a list of vehicles identified for disposal is jointly approved by Purchasing and Fleet.

Vehicles approved for disposal are registered for auction by Fleet Technicians. The City utilizes three different auctioneers, each specializing in specific types of vehicles and equipment. Decommissioned vehicles are stored at Williams Parkway before being transported to the auction house by tow truck. In most cases, vehicles and equipment are sold without a reserve bid—the minimum price a seller is willing to accept at auction. Once the sale is finalized, the auctioneer sends the completed paperwork to Fleet who forwards it to Purchasing and Finance. The proceeds from the sale are deposited by Purchasing. The sale price is recorded in M5, and the vehicle is removed from the system.

The fleet asset management audit is part of the approved 2025 audit plan. The last fleet asset management audit was completed in 2012.

Detailed Audit Findings

A. Monitoring of Vehicle Utilization Needs to be Enhanced

Priority Rating

P2

Background Fleet is responsible for managing and maintaining over 450 licensed vehicles. Vehicle utilization is monitored through a fleet activity report that combines data from M5 and the AVL system, which uses satellite technology to capture vehicle movements in real time and track mileage. The vehicle utilization reports are run by IT and sent to fleet for their review.

Vehicle mileage fluctuates with seasonal workloads, for example, snowplows are underused in summer while parks maintenance vehicles are less active in winter. Vehicles with low utilization are flagged, and Fleet staff reach out to the respective operating unit to discuss the underutilization. In general, heavy-duty vehicles such as dump trucks, flatbeds, and tankers generally record lower mileage compared to light-duty trucks and cars, due to their specialized use.

Criteria Thresholds for underutilization are established for all vehicles, and a formal process is in place to engage operating units in addressing low-usage assets to ensure optimal use of fleet resources.

Condition We reviewed the monitoring process for vehicle utilization and identified the following areas of improvement:

1. There is no clear definition of *underutilization*. As per Fleet staff, generally, anything under 5,000 km a year for light-duty vehicles and cars, and under 2,000 km a year for heavy-duty vehicles is considered underutilized, however, the acceptable range of use for each vehicle type and department is not formally defined.
2. There is currently no formal process in place for systematically following up with operating units to assess the reasons behind low vehicle mileage. Although Fleet staff may reach out to divisions on an ad hoc basis, there is no defined underutilization threshold, regular review schedule, or requirement for business units to document and justify low usage. This informal approach limits consistency and accountability, and may result in underutilized vehicles not being adequately reviewed or addressed.
3. Not all vehicles have a functioning AVL unit to track mileage. In 2024, AVL data was missing for about 25 of the City's 468 licensed vehicles. It is unclear whether these vehicles lacked an AVL unit or if the installed units failed to capture mileage data accurately. In the 2024 mileage report, there were an additional 11 vehicles that the AVL was reporting as "Not Used", even though in M5 these vehicles were showing anywhere from 2K to 23K km in mileage.

Table 2. 2024 Vehicle Mileage

The table below shows the mileage for light-duty and heavy-duty vehicles from January 1, 2024 to December 31, 2024, based on information collected through the AVL system. During this period, 27% of light duty vehicles recorded less than 5,000 kilometres, while 25% of the heavy-duty vehicles recorded less than 2,000 kilometres, indicating potential underutilization within both vehicle categories.

2024 Vehicle Mileage - Light-Duty Trucks & Cars														
Dept.	0 - 2K		2K - 5K		5K - 10K		10K - 15K		15K - 30K		> 30K		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Animal Services	0	0%	0	0%	1	10%	1	10%	8	80%	0	0%	10	100%
Building	3	8%	6	15%	25	63%	6	15%	0	0%	0	0%	40	100%
City Hall	2	13%	3	19%	3	19%	2	13%	6	38%	0	0%	16	100%
Enforcement & By-law	0	0%	5	12%	17	40%	7	16%	7	16%	7	16%	43	100%
Fleet Admin	2	14%	6	43%	3	21%	2	14%	1	7%	0	0%	14	100%
Recreation Centers	4	36%	5	45%	2	18%	0	0%	0	0%	0	0%	11	100%
Parks	2	2%	18	18%	50	51%	26	27%	2	2%	0	0%	98	100%
Roads	1	4%	4	17%	13	57%	5	22%	0	0%	0	0%	23	100%
Other	2	7%	11	41%	4	15%	2	7%	0	0%	8	30%	27	100%
Total	16	6%	58	21%	118	42%	51	18%	24	9%	15	5%	282	100%
2024 Vehicle Mileage - Heavy-Duty Trucks														
Dept.	0 - 2K		2K - 5K		5K - 10K		10K - 15K		15K - 30K		> 30K		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Fleet Admin	2	50%	2	50%	0	0%	0	0%	0	0%	0	0%	4	100%
Recreation Centers	0	0%	1	100%	0	0%	0	0%	0	0%	0	0%	1	100%
Parks	7	14%	16	31%	20	39%	5	10%	3	6%	0	0%	51	100%
Roads	17	40%	10	24%	4	10%	9	21%	2	5%	0	0%	42	100%
Traffic	0	0%	1	25%	1	25%	1	25%	1	25%	0	0%	4	100%
Total	26	25%	30	29%	25	25%	15	15%	6	6%	0	0%	102	100%
Based on Automatic Vehicle Location (AVL) data.														
Approximately 40 vehicles acquired or disposed in 2024 are not included.														
AVL mileage data not available for approximately 25 vehicles which are not included.														
AVL data showing "Not Used" for 11 vehicles which are not included.														

A structured process should be implemented to monitor and follow up on underutilized vehicles, ensuring that all operating units are assessed using consistent criteria. Fleet should provide each operating unit with an annual list of underutilized vehicles, requesting explanations for low usage and facilitating discussions to optimize asset utilization within their respective operations.

Cause Staff indicated that there is currently no formal process in place to review vehicle utilization. The current approach to monitoring vehicle usage is largely subjective, relying on individual familiarity with departmental vehicle usage rather than standardized criteria.

Impact The absence of a consistent approach to monitoring vehicle utilization increases the risk that underutilized assets are not identified and reallocated in a timely manner. This limits the City's ability to optimize fleet performance and reduces the overall return on investment in fleet assets.

Recommendation:**1. Enhance Monitoring of Vehicle Utilization**

The Director, Road Maintenance, Operations and Fleet should formalize the vehicle utilization review process to ensure all underutilized vehicles are addressed and resource sharing among assets is optimized. Specifically, the process should include:

- a. Establishing a clear definition of “underutilized” for all vehicle types so that the acceptable range of use for each vehicle is defined and can be appropriately assessed.
- b. Implementing a formal process that systematically follows up with operating units to assess the reason behind low vehicle mileage and requires business units to document and justify low usage.
- c. Improving AVL data capture by identifying and addressing non-functioning units to ensure consistent and accurate mileage data is available for analysis.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

1. Fleet will develop a formalized process for reviewing and assessing underutilized vehicles. Fleet will define thresholds for underutilization based on each user groups’ operation and vehicle type.
2. The formalized process will include addressing low utilization with user groups, including documented responses.
3. Fleet is working with our AVL and Business Systems (IT) teams to address non-functioning units and to explore additional technologies to assist in extracting mileage using our current GPS telematics system.

Timeline:

Item 1, Item 2: Q4, 2025

Item 3: Q2, 2026

B. Review Controls for New Vehicle and Equipment Requests Needs to be Improved

Priority Rating

P2

Background

Operating departments that require vehicles or equipment beyond their current fleet allocation must submit a *New Vehicle/Equipment Request Form*, accompanied by a detailed business case. The business case outlines the intended users, the functional areas that will benefit from the acquisition, the scope of the proposed work, and the expected utilization of the asset.

The New Vehicle/Equipment Request Form and accompanying business case must be approved by both the Director and Commissioner of the requesting department before being submitted to Fleet. Although requests may be submitted at any time during the year, they are only reviewed for consideration during the annual budget process. Once approved, all new vehicle and equipment requests are compiled into a new request list, which is submitted to Finance as part of the budget submission.

Criteria

All new asset requests must be supported by a completed Vehicle/Equipment Request Form and business case, and approved by the Supervisor, Director and Commissioner of the requesting department, along with the Manager of Fleet.

Condition

We reviewed five samples of new acquisitions and identified the following issues with the New Vehicle/Equipment Request Forms.

- None of the five vehicle/equipment request forms contained the required approvals. The business unit Commissioner, Director and Supervisor signatures were missing from all forms and three of the forms did not contain a signature from the Manager, Fleet.
- Not all vehicle/equipment request forms were fully completed. The “Fleet Services Recommendations” section was not filled out for one of the forms, and on another form the “Recommendation to proceed with procurement” box was marked as “NO” due to “Low/Under Utilization”, however, this request was still added to the budget list of new vehicles without further explanation on the form.

Cause

Staff advised that these forms were submitted during a transition period and a process to properly review the forms was not yet in place.

Impact

Failing to properly complete and approve new vehicle or equipment requests can result in unapproved spending that does not align with user department needs or optimize the fleet budget.

Recommendation:

2. Improve Review Controls for New Vehicle and Equipment Requests

The Director, Road Maintenance, Operations and Fleet should ensure all new asset requests are complete, include a clear justification, and are formally approved by both the requesting business unit and Fleet Management before being submitted for budget consideration.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

1. Fleet will develop a formalized process for reviewing and approving new vehicle and equipment requests.
2. Fleet will develop an SOP to ensure this process is followed and will centralize all supporting documentation.

Timeline: Q4, 2025

C. Tracking of Equipment Locations in M5 Needs to be Enhanced

Priority Rating

P2

Background

Fleet Administration manages and maintains approximately 600 pieces of equipment, with a total purchase value of \$18.3 million. The inventory includes a mix of heavy-duty equipment, light-duty assets, small engine tools, and trailers. Equipment costs range from smaller items like generators and snowblowers (valued at \$1,500 and above) to high-value assets such as the \$366,000 Prinoth Snow Groomer used at Chinguacousy Park. Any asset exceeding \$1,500 must be procured through Fleet Administration and entered into the M5 asset management system upon receipt. While most equipment is stored at Williams Parkway and Sandalwood, additional storage locations include city yards at Teramoto, Glidden, the Alectra warehouse, and various recreation centres.

Criteria

Processes are in place to ensure that equipment information in M5, including location, status, and item identification number, is accurate and updated as necessary to support efficient equipment management.

Condition A review of the equipment management process found the following:

1. The physical location of equipment is not currently tracked in M5. While each asset is assigned to a “user department,” this designation does not necessarily reflect the asset’s actual storage or operating location. This lack of precise location data makes it difficult to determine the real-time whereabouts of equipment, particularly for departments that utilize multiple storage sites. For instance, Horticulture may store equipment at various locations, including Williams Parkway, Sandalwood, Teramoto, the Alectra building, or others—none of which are captured in the system.
2. 38 units from 20 different types of equipment were selected for the physical count. The locations of all items were confirmed, however, the following was also noted:
 - FW12229: 2012 JOHN DEERE GATOR HPX 4X4: User department showing as Fleet Maintenance, however, this unit was located at Susan Fennel Recreation Centre.
 - FW13460: 2013 JOHN DEERE 1445 72" FRONT FLEX MOWER: User department showing as Chinguacousy Park, however, this unit was located at Williams Parkway.
 - FO14594: 2014 OLYMPIA MILLENNIUM SD ICE RESURFACER: User department showing as Memorial Arena, however, this unit was located at Williams Parkway.
 - FVS100837: ARIENS SNOWBLOWER ST32DLE: User department showing as Chinguacousy Park, however, this unit was located at the Cemetery.
3. A sample of 10 equipment items selected during inventory count was traced back to the inventory list, with the following observations noted:
 - FVS10955: 10 ARIENS PRO32 SNOWBLOWER: Physically located at Memorial Arena, however, the user department is Horticulture.
 - FVE191516: 2019 OLYMPIA ICE EDGER: Physically located at Chinguacousy Park, however, the user department is Memorial Arena.
 - This unit is physically labeled as number 681; however, it appears in M5 as unit 639. Staff confirmed that this is a tractor attachment, and that numbering conventions for some attachments were updated to align with the unit number of the corresponding tractor.

4. Not all equipment is outfitted with an AVL unit. AVLs use a global positioning system (GPS) to track the exact location of each vehicle in real time, allowing managers to monitor equipment location and movement. While it does not make sense to outfit small equipment with an AVL unit, larger, more expensive assets such as ride-on equipment can benefit from AVL's tracking features. Of the 25 active tractors, 17 are equipped with an AVL and 8 are not. Currently, there is one John Deere mower equipped with AVL, but the remaining 19 John Deere mowers and 4x4s are not.

The physical location of equipment should be tracked and updated when equipment is transferred to another department or facility. This will provide better visibility of equipment and enable staff to efficiently locate it when needed by other departments.

Clear criteria should be established to determine which equipment requires AVL installation. The real-time location tracking provided by AVL systems helps identify unauthorized use or theft and improves operational efficiency.

Cause	Staff advised that the inability to accurately monitor equipment location is due to a limitation within the M5 system, which does not have the functionality to record or update asset location information.
Impact	The absence of a reliable system to accurately track equipment locations increases the risk that asset misappropriation may go undetected and can contribute to operational inefficiencies.

Recommendation:

3. Enhance Tracking of Equipment Locations in M5

The Director, Road Maintenance, Operations and Fleet should implement a process to improve the tracking and regular updating of equipment location data to ensure assets are properly safeguarded and can be efficiently located when needed.

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan <ol style="list-style-type: none"> 1. Fleet is working with the Business Systems (IT) team and the AVL team to explore tracking options for motorized unlicensed assets. 2. Fleet will inform user groups of the requirement to communicate any vehicle or equipment transfers to Fleet staff. 3. Fleet is currently running a pilot project with our current GPS vendor with 6 (lawn cutting) units. Once completed, data will be reviewed to determine if technology is adequate. <p>Timeline: Item 1: Q1, 2026 Item 2, Item 3: Q4, 2025</p>

D. Fleet Data Provided for Insurance Purposes Needs to be Complete and Current

Priority Rating

P2

Background	Every year, Fleet Administration sends an updated list of all fleet assets to the Risk & Insurance group. The Risk & Insurance team then forwards the list to the insurance broker, who updates the roster of City assets included in the blanket insurance policy for the upcoming year. For vehicles to be covered, they must be included on the updated list provided to the broker before January 1 each year. Please see below for Section 3 of the insurance agreement, which addresses automobile coverage.
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3. Conditions Applying to This Coverage

- | | |
|-----|--|
| 3.1 | <p>The schedule of automobiles that you filed with us must include all automobiles in your fleet, as described in 2.1, on the effective date of your policy or renewal.</p> <p>There is no coverage for automobiles owned or leased by you before the effective date of your policy or renewal if they are not included on the schedule of automobiles filed with us. For coverage to be provided for these automobiles, you must file a request for coverage.</p> |
|-----|--|

Criteria	Fleet asset information provided to Risk & Insurance is complete and includes all vehicles and equipment as of year-end.
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Condition	<p>We reviewed the asset listing sent from Fleet Administration to Risk & Insurance in 2024 and found that 35 active vehicles in the City's fleet as of the end of 2024 were not included on the list. Of these, 25 were rentals and 10 were City-owned vehicles. Six of the vehicles were acquired prior to 2024, while the remaining missing vehicles were acquired at the end of 2024. Both rental and City-owned vehicles must be included on the list to be covered under the City's blanket vehicle insurance policy.</p> <p>Further review found the list was sent from Fleet Administration to Risk & Insurance in August 2024, and no subsequent list was provided.</p> <p>A final vehicle list should be provided at the end of each year to ensure all active vehicles, including recent acquisitions, are captured.</p> <p>For all active vehicles not currently on the broker's 2025 insured list, a request for coverage must be completed and submitted to the broker to add these vehicles to the policy.</p>
Cause	Staff advised that they were not aware the asset list sent to Risk & Insurance was incomplete, but noted that any missing vehicles were due to the timing of when the list was sent.
Impact	Operating uninsured vehicles increases the City's financial exposure and may result in significant financial loss in the event of a collision involving extensive property damage or personal injury.

Recommendation:

4. Ensure Complete and Up-to-Date Fleet Data for Insurance Purposes

The Director, Road Maintenance, Operations and Fleet should improve the process for providing vehicle information to the Risk & Insurance unit to ensure all fleet assets are properly insured.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

Fleet will review the vehicle roster on a more frequent basis and will be working with our Risk and Insurance Management team to establish a process to ensure updated rosters are provided annually.

Timeline: Q4, 2025

E. Updating of Disposed Fleet Assets in M5 Needs to be Improved

Priority Rating

P2

Background

When a vehicle is nearing the end of its useful life and has been approved for replacement, it is removed from active service and its status is updated to “Flagged for Disposal” in M5. Before disposal, City property and insignia, including decals, logos, radios, light bars, and racks, are removed, and the vehicle is officially decommissioned. Fleet completes an *Asset Disposal Form* for all vehicles and equipment, which includes a disposal checklist and approval from the Fleet Manager and Purchasing Manager.

After assets are approved for disposal, they are registered for auction. The City utilizes three different auctioneers, each specializing in specific types of vehicles and equipment. Decommissioned vehicles are stored at Williams Parkway before being transported to the auction house by tow truck. Once the sale is finalized, the auctioneer sends the completed paperwork and accompanying cheque to Fleet. The sale price is recorded in M5, and the asset status is changed to “Sold” which removes it from the asset listing.

Criteria

Asset disposals should include a completed *Asset Disposal Form*, an updated unit status, auction details in M5, and the corresponding deposited cheque.

Condition

A review of the asset disposal process found that *Asset Disposal Forms* are completed, sale prices are entered in M5, and auction cheques are deposited; however, the following was also noted:

The status of disposed units is not being updated promptly in M5. When a unit is identified for replacement, its status in M5 should be promptly changed to “Flagged for Disposal.” Once the unit is taken out of service and its plates removed, the status should be updated to “Decommissioned” to reflect that it is no longer in operation. Following its sale auction, the final status should be set to “Disposed,” which ensures the asset is removed from the active fleet list. Delays in updating these statuses can result in inaccurate fleet records and hinder effective asset management.

- 2012 JOHN DEERE GATOR 4X4 (FW12170): During the physical inventory count, a unit listed in M5 assigned to Memorial Arena could not be located. Upon further review, it was found that the unit had been sold at auction in January 2025; however, as of May 2025, it was still recorded as “Active” in M5.
- A review of seven additional vehicles and equipment assets sold at auction in January 2025 found that, as of May 2025, four were still listed as “Flagged for Disposal” and three remained marked as “Active” in M5. All of these units should have been updated to “Disposed” status to accurately reflect their removal from the fleet.
- A review of an auction invoice from December 2023 found that 3 John Deere Tractors that were sold were still showing as “Flagged for Disposal” as of May 2025. These units should be “Disposed” in M5.

Failure to update the status of disposed vehicles and equipment in M5 results in a lack of clarity regarding which assets have been decommissioned and are no longer operationally available.

Cause Fleet staff advised that delays in updating asset status in M5 were due to a high volume of disposal activities and recent staffing transitions, which impacted the timeliness of status updates.

Impact Delays in updating the status of disposed vehicles and equipment in M5 results in inaccurate and inflated asset data. This compromises the reliability of fleet data for asset lifecycle management.

Recommendation:

5. Ensure Timely Updates of Disposed Fleet Assets in M5

The Director, Road Maintenance, Operations and Fleet should improve the process for updating the status of disposed assets in M5 to ensure timely and accurate recordkeeping.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

1. Fleet will develop and formalize a process for Asset Disposal.
2. Fleet will develop an SOP to ensure proper disposal and documentation is followed and captured.

Timeline: Q4, 2025

F. SOPs Need to be Developed to Standardize Fleet Administration Practices

Priority Rating

P2

Background Fleet Administration provides a full range of asset management functions, including vehicle acquisitions, disposals, replacements, and fleet rentals. Standard Operating Procedures (SOPs) within the Fleet are stored on their shared drive.

Criteria Fleet Administration SOPs are in place and updated regularly to ensure guidance is relevant and reflects intended practices.

Condition	<p>Currently, there are no standard operating procedures in place for Fleet Administration functions. Some of the standard forms used by Fleet Administration, such as the <i>New Vehicle/Equipment Request Form</i> and the <i>8.12 Asset Disposal Form</i> contain relevant guidance for both user departments and Fleet staff. However, these forms do not provide a complete or comprehensive guideline for executing tasks.</p> <p>Fleet Administration would benefit from formal written procedures in core areas such as:</p> <p><i>Asset Replacements</i> – including an outline of the replacement plan (e.g., Light Duty Vehicle - 10 years, Heavy Duty - 12 years), instructions on running the relevant lifecycle reports in M5, criteria used to prioritize units for replacement, required documents for the annual budget process, and all related approvals.</p> <p><i>New Acquisitions</i> – including the completion of the <i>New vehicle/Equipment Request Form</i>, the criteria used to evaluate the necessity of new vehicles and equipment, a new asset summary listing, annual budget documents, and all related approvals.</p> <p><i>Procurement</i> – including the requisition process, technical fleet specifications, participation in the Request for Proposal (RFP) evaluation, responsibilities of the contract administrator, vehicle receipt & inspection, M5 data entry and all related approvals.</p> <p><i>Disposals</i> – including criteria used to prioritize units for disposal, completion of condition reports, completion of the <i>Asset Disposal Form</i>, preparation for disposal, assignment of the asset to auction, required auction sale documents, M5 data entry, and all related approvals.</p> <p><i>Rental Cars</i> – including rental car requests from user groups, rental car extension requests, upfitting of rental cars, collisions involving rental cars, rental car invoice schedules and invoice tracking, rental car returns and all related approvals.</p> <p>Current and comprehensive Fleet Administration SOPs will ensure staff have proper guidance when completing core tasks, as well as support training and onboarding.</p>
Cause	<p>Staff advised that due to transitions in staffing, the updating of Fleet Administration SOPs has been delayed. However, they are currently moving towards creating these SOPs.</p>
Impact	<p>The absence of standard operating procedures can result in incomplete or inconsistent processes. This issue may be further compounded by staff turnover and the onboarding of new hires.</p>

Recommendation:

6. Develop SOPs to Standardize Fleet Administration Practices

The Director, Road Maintenance, Operations and Fleet should develop and implement standard operating procedures for Fleet Administration functions to promote a consistent, complete, and accountable approach to carrying out core tasks.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

Fleet will develop and create formalized SOPs, including guidelines to ensure all core Fleet Administration functions are formally documented.

Timeline: Q4, 2025

Audit Objectives, Scope and Methodology

Objectives

This audit aimed to review processes and controls around fleet asset management to ensure they are adequately designed and operating effectively. Specifically, the objectives of this engagement included assessing whether Fleet has:

- established appropriate policies and procedures to support effective, consistent, and accountable asset management operations.
- implemented processes to support effective planning and acquisitions of fleet assets.
- established controls to effectively manage and monitor fleet assets throughout their lifecycle.
- implemented procedures to oversee and monitor vehicle rentals and disposals in a controlled and efficient manner.

Scope

Our audit scope covered fleet asset activity for the period of January 1, 2022 to December 31, 2024.

Methodology

Our audit methodology included the following:

- reviewing reports, forms, contracts and system data related to Fleet Administration
- interviewing staff involved in the fleet asset management process
- conducting sample testing and data analytics to assess the efficiency and effectiveness of fleet management processes
- conducting physical verification of selected equipment to confirm existence and verify accuracy of asset information
- conducting site visits to observe asset storage and physical security.

Appendix 1: List of Figures and Tables

List of Figures

Table 1. *Licensed Vehicles by Category as of March 15, 2025*..... 7

Table 2. *2024 Vehicle Mileage*..... 12

Appendix 2: Criteria for Assigning Ratings to Audit Findings

Priority Rating	Description
Priority 1 (P1)	<p>One or more of the following conditions exist that require immediate attention of the Senior Leadership Team. Corrective actions by Senior Management must be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is material • Management's actions, or lack thereof, have resulted in the compromise of a key process or control, which requires immediate significant efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks. Failure by Management to remedy such deficiencies on a timely basis will result in the City being exposed to immediate risk and/or financial loss • One more of the following conditions is true: i) management failed to identify key risks, ii) management failed to implement process and controls to mitigate key risks • Management's actions, or lack thereof, have resulted in a key initiative to be significantly impacted or delayed, and the financial support for such initiative will likely be compromised • Management failed to implement effective control environment or provide adequate oversight, resulting in a negative pervasive impact on the City or potential fraudulent acts by City staff • Fraud by Management or staff, as defined by the <i>Corporate Fraud Prevention Policy</i> (Policy 2.14)
Priority 2 (P2)	<p>One or more of the following conditions exist that require attention by Senior Management. Corrective actions by Management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is significant • Management's actions, or lack thereof, may result in a key process or control to be compromised, which requires considerable efforts and/or resources (including time, financial commitments etc.) to mitigate associated risks • Management correctly identified key risks and have implemented processes and controls to mitigate such risks, however, one or more of the following is true: i) the processes and controls are not appropriate or adequate in design, ii) the processes and controls are not operating effectively on a consistent basis • Management's actions, or lack thereof, have impacted or delayed a key initiative, and the funding for such initiative may be compromised • Management failed to provide effective control environment or oversight on a consistent basis, resulting in a negative impact on the respective division, or other departments • Management failed to comply with Council-approved policies, by-laws, regulatory requirements, etc., which may result in penalties • Management failed to identify or remedy key control deficiencies that may impact the effectiveness of anti-fraud programs

Priority 3 (P3)	<p>One or more of the following conditions exist that require attention by Management. Corrective actions by Management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is insignificant • A non-key process or control, if compromised, may require some efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks • Processes and controls to mitigate risks are in place; however, opportunities exist to further enhance the effectiveness or efficiency of such processes and controls. Management oversight exists to ensure key processes and controls are operating effectively • Minimal risk of non-compliance to Council-approved policies, by-laws, regulatory requirements, etc. • Low impact to the City's strategic or key initiative • Low impact to the City's operations
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Fleet Asset Management Audit

Audit Committee
June 10, 2025





Agenda

1. Audit Objectives
2. Scope and Methodology
3. Audit Observations
4. **Management Action Plans**
5. Next Steps
6. Questions



Audit Objectives

The audit aimed to assess whether Fleet has:

- Established appropriate policies, procedures, and controls to support effective, consistent, and accountable asset management operations.
- Implemented processes to support effective planning and acquisitions of fleet assets.
- Established controls to effectively manage and monitor fleet assets throughout their lifecycle.
- Implemented procedures to oversee and monitor vehicle rentals and disposals in a controlled and efficient manner.



Scope and Methodology

Our audit scope covered fleet asset activity for the period of January 1, 2022 to December 31, 2024.

The audit methodology included:

- Reviewing reports, forms, contracts and system data.
- Interviewing staff involved in the fleet asset management process.
- Sample testing and data analytics to assess the efficiency and effectiveness of fleet management processes.
- Performing a physical inventory count.
- Site visits to observe asset storage and security.



Audit Observation 1: Monitoring of Vehicle Utilization Needs to be Enhanced

In 2024, Automatic Vehicle Location (AVL) data showed that 27% of light-duty vehicles recorded under 5,000 km and 25% of heavy-duty vehicles under 2,000 km, suggesting potential underutilization:

- No formal definition of underutilization exists.
- No systematic process is in place to follow up on vehicles with low mileage; reviews are informal and not documented.
- Not all vehicles have a functioning AVL unit. In 2024, 25 vehicles had no mileage data, and 11 showed “Not Used” despite mileage showing in M5, Fleet’s asset management system.



Audit Observation 1: Monitoring of Vehicle Utilization Needs to be Enhanced (Con't)

We recommend that the Director of Fleet:

- Establish a clear definition of “underutilized” for all vehicle types so that the acceptable range of use for each vehicle can be appropriately assessed.
- Implement a formal process that systematically follows up with operating units to assess the reason behind low vehicle mileage and requires them to document and justify low usage.
- Improve AVL data capture by identifying and addressing non-functioning units to ensure consistent and accurate mileage data is available for analysis.



Audit Observation 2: Review Controls for New Vehicle and Equipment Requests Needs to be Improved

We reviewed five samples of new acquisitions and noted the following:

- None of the five request forms had proper approval. Business unit Commissioner, Director, and Supervisor signatures were missing on all forms; three also lacked the Fleet Manager's signature.
- Not all request forms were fully completed. One was missing the "Fleet services recommendations" section, and another was marked "No" for procurement due to "low utilization", but was still added to the budget without explanation.

We recommend that the Director of Fleet ensure all new asset requests are complete, include clear justification, and are formally approved by both the requesting business unit and Fleet Management before being submitted for budget consideration.



Audit Observation 3: Tracking of Equipment Locations in M5 Needs to be Enhanced

- M5 lists the user departments but not the actual equipment locations, making it difficult to know where assets are stored or used.
- The physical inventory count found several equipment units were at locations different from the “User Department” shown in M5.

We recommend that the Director of Fleet implement a process to improve the tracking and updating of equipment location data to ensure assets are properly safeguarded and can be efficiently located when needed.



Audit Observation 4: Fleet Data Provided for Insurance Purposes Needs to be Complete and Current

We reviewed the asset list sent to Risk & Insurance in 2024 and found:

- 35 active vehicles (25 rentals and 10 City-owned) were missing from the insurance list sent to the Risk & Insurance team in August, with no final year-end update.
- Six of the vehicles were acquired before 2024, with the rest being added in the last three months of 2024.

We recommend that the Director of Fleet improve the process for providing vehicle information to the Risk & Insurance unit to ensure all fleet assets are properly insured.



Audit Observation 5: Updating of Disposed Fleet Assets in M5 Needs to be Improved

- During the inventory count at the end of April, a unit sold in January 2025 was still showing “Active” in M5 at Memorial Arena.
- A review of seven additional units auctioned off in January 2025 found that as of May, four were still “Flagged for Disposal” and three were “Active” in M5.
- Three tractors sold in December 2023 were still marked “Flagged for Disposal” as of May 2025.

We recommend that the Director of Fleet improve the process for updating the status of disposed assets in M5 to ensure timely and accurate recordkeeping.



Audit Observation 6: Standard Operating Procedures Need to be Developed to Standardize Fleet Administration Practices

Fleet Administration currently lacks formal standard operating procedures (SOP). While some forms are used to support key tasks, they do not provide clear or complete guidance. SOPs are needed for core functions, including:

- Asset replacements, new acquisitions, procurement, disposals and rental car management.

We recommend that the Director of Fleet develop and implement SOPs for fleet administration functions to promote a consistent, complete, and accountable approach to carrying out core tasks.



Conclusion

Fleet Services has implemented several effective practices to manage the City's fleet operations, including the use of FleetFocus M5 and AVL systems to track assets, established lifecycle parameters for vehicle replacement, secured asset storage, and well-structured rental vehicle management.

However, improvements are needed in key areas: formalizing the vehicle utilization review process, ensuring timely updates to equipment locations in M5, completing and approving new vehicle request documentation, promptly updating asset disposal status, verifying insurance data accuracy, and developing SOPs to guide administrative functions and ensure consistency.

Implementing the recommended actions will help address these gaps, enhance operational consistency, strengthen internal controls, and improve the overall efficiency and accountability of the City's fleet management activities.



Management Action Plans

1. Enhance Monitoring of Vehicle Utilization

- A. Develop a formal process to review and assess underutilized vehicles, with thresholds defined by user group operations and vehicle type.
- B. Address low utilization with user groups, including documented responses.
- C. Work with AVL and IT to address non-functioning units and explore technologies to extract mileage through the GPS telematics system.

Timeline: Items A and B - Q4, 2025, Item C - Q2, 2026



Management Action Plans

2. Improve Review Controls for New Vehicle and Equipment Requests

- Develop a formalized process for reviewing and approving new vehicle and equipment requests.
- Develop an SOP to ensure this process is followed and centralize all supporting documentation.

Timeline: Q4, 2025



Management Action Plans

3. Enhance Tracking of Equipment Locations in M5

Vehicles and equipment in M5 are assigned to user groups, not locations. Due to operational needs, equipment is often shared without notifying Fleet.

A. Work with Business Systems (IT) and AVL team to find tracking options for motorized unlicensed assets.

B. Inform user groups of the requirement to communicate any vehicle or equipment transfers to Fleet.

C. Fleet is piloting GPS technology on 6 lawn-cutting units; data will be reviewed to assess suitability.

Timeline: Item A – Q1, 2026, Items B and C – Q4, 2025



Management Action Plans

4. Ensure Complete and Up-to-Date Fleet Data for Insurance Purposes

Fleet will review the vehicle roster on a more frequent basis and will be working with our Risk and Insurance Management team to establish a process to ensure updated rosters are provided annually.

Timeline: Q4, 2025



Management Action Plans

5. Ensure Timely Updates of Disposed Fleet Assets in M5

1. Develop and formalize a process for Asset Disposal.
2. Develop an SOP to ensure proper disposal and documentation is followed and captured.

Timeline: Q4, 2025



Management Action Plans

6. Develop Standard Operating Procedures for Fleet Administration Functions

Fleet will develop and create formalized SOPs, including guidelines to ensure all core Fleet Administration functions are formally documented.

Timeline: Q4, 2025



Next Steps

- ✓ Action plans have been developed
- ✓ Implementation is underway or completed
- ✓ Internal Audit will follow up and report on the status of these action plans



Questions?



**FLEET ASSET
AUDIT**

Thank You



Date: 2025-05-30

Subject: Fuel Management Audit 2025 Report

Contact: Claire (Fang) Mu, Director, Internal Audit
fang.mu@brampton.ca

Report Number: CAO's Office-2025-497

Recommendations:

1. That the report titled: Fuel Management Audit 2025 Report, to the Audit Committee Meeting of June 10, 2025, be received and the recommendations contained in **Appendix 1: Fuel Management Audit 2025 Report** be approved.

Overview:

- This audit identified key opportunities to enhance the City's fuel management practices, specifically in the areas of on-site fuel monitoring, fuel consumption analysis, oversight of off-site fuel card use and fuel inventory reconciliation.
- The issues and associated management action plans are detailed in the body of the audit report located in **Appendix 1: Fuel Management Audit 2025 Report**.
- **Appendix 2** contains the presentation slides for this audit report.

Internal Audit discussed the following improvement opportunities with Fleet.

Process	Finding	Rating
1. On-site Fuel Monitoring	A review of on-site fuelling transactions noted short-interval fuel-ups for the same vehicles and inconsistent use of jerry can key fobs. These irregular fuel transactions along with the absence of exception-based monitoring, limits Fleet's ability to detect and address anomalies or potential misuse.	P2
2. Fuel Consumption Analysis	A review of the fuel consumption monitoring process noted the following:	

	<ul style="list-style-type: none"> • 48 non-operational Vehicle Data Units (VDU) which limits the automated capture of odometer readings during on-site fuelling. • Automatic Vehicle Location (AVL) is not integrated with M5 and is not currently utilized to support fuel consumption analysis. • Odometer readings for off-site fuelling are manually entered at pumps and re-entered into M5, increasing the risk of errors. • Fleet does not currently conduct an annual fuel consumption analysis which limits insight into fuel efficiency trends. 	P2
3. Off-site Fuel Card Oversight	<p>A review of the Off-site fuel card monitoring process noted the following:</p> <ul style="list-style-type: none"> • No formal process to follow up with business units on potential fuelling exceptions, including out-of-town or premium fuel transactions, limiting accountability. • Business units do not receive Off-site Purchase Activity Reports and must rely on receipt submissions from staff or ad hoc calls from Fleet, resulting in inconsistent fuel monitoring. • Off-site reports are only available in PDF format and limited to the last 24 months, restricting the ability to perform detailed or long-term analysis. • Transactions do not capture employee IDs at the pump, reducing accountability. 	P2
4. Fuel Inventory Reconciliation	<p>A review of the reconciliation process for on-site fuel inventory noted the following:</p> <ul style="list-style-type: none"> • For Coencorp managed sites, inventory reconciliations are not being performed or reviewed. • For AssetWorks managed sites, Fleet is not fully utilizing the system's reporting capabilities to perform fuel inventory reconciliations. • Manual dip readings are conducted, however they are not centrally stored or 	P2

	<p>consistently documented against system data, which may limit traceability.</p> <ul style="list-style-type: none"> • A formal SOP outlining roles, responsibilities, and reconciliation procedures has not yet been developed, which may impact consistency across fuelling sites. 	
<p>These issues and associated management action plans are discussed in more detail in Appendix 1. These issues are rated as per the criteria described in Appendix 1.</p>		

Conclusion:

Overall, several foundational controls are in place to support effective fuel management across City operations. Notable strengths include dual authorization for on-site fuelling, robust physical security around fuel storage tanks, and the use of automated systems – Coencorp, AssetWorks, and the off-site fuel card program for capturing fuel transactions.

However, this audit identified key areas where oversight, data accuracy, and accountability can be strengthened. Specifically, the lack of exception-based monitoring and regular fuel consumption analysis, limited oversight of off-site fuel card usage, and the absence of routine fuel inventory reconciliations present risks to operational efficiency and fuel accountability.

Implementing the recommendations outlined in this report will enhance Fleet's ability to detect anomalies, improve the reliability of fuel data, and streamline fuel management processes. These improvements will support stronger accountability across user departments and provide more accurate information to guide operational and financial decision making.

Authored by:

Reviewed by:

Brad Cecile, Manager
Internal Audit

Claire (Fang) Mu, Director
Internal Audit

Attachments:

- Appendix 1 – Fuel Management Audit 2025 Report

- Appendix 2 – Fuel Management Audit Presentation Slides



Fuel Management Audit Report 2025

June 10, 2025

Claire Mu, CIA, CISA, CPA, CFA, MMPA, MFin
Director, Internal Audit

Brad Cecile, CIA, CPA
Manager, Internal Audit

Internal Audit



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Executive Summary

Background

The City of Brampton's Fleet Services division manages fuel operations to support City departments that rely on gasoline and diesel-powered vehicles and equipment, with the exception of Fire & Emergency and Brampton Transit. Fuel is supplied through five on-site diesel fuelling stations as well as the off-site fuel card program for off-site refuelling. Between 2021 and 2024, the City spent approximately \$6 million on fuel, with 55% attributed to on-site fuelling and 45% through the off-site fuel card program.

On-site fuelling is managed through two systems: the legacy Coencorp Site Manager and the newer AssetWorks Fuel Management System, which is being gradually implemented across sites and integrates directly with the City's M5 fleet management system. Fuel inventory levels are monitored daily, with deliveries verified using both automated system readings and manual measurements to ensure accuracy.

Off-site fuelling relies on fuel cards assigned to specific vehicles. Employees must input vehicle and mileage data at the pump, and Fleet Administration reviews the transactions and manually records the mileage into M5.

The audit was initiated as part of the 2025 audit plan and follows the last full-scope review conducted in 2019.

Audit Objectives

The audit aimed to assess whether Fleet Services has established effective controls and processes to support accountable and efficient fuel management operations. Specifically, the audit examined whether:

- appropriate policies and procedures are in place to ensure effective, consistent, and accountable fuel management.
- fuel inventory levels are properly monitored and replenished in a timely and controlled manner.
- access to on-site diesel fuelling is appropriately restricted and fuel activity is adequately monitored.
- off-site fuel cards are properly issued, managed, and monitored to prevent unauthorized use and ensure accountability.
- off-site fuel activity is effectively monitored and related payments are accurate, properly reviewed, and approved.

What We Recommend

This audit report recommends the following actions to improve fuel management operations:

- 1. Strengthen the Process for Monitoring On-Site Fuel Usage**

Implement a formal process to proactively monitor on-site fuel usage and detect irregularities, such as short-interval fuel-ups. This includes leveraging transaction reports generated by Coencorp and AssetWorks systems to support timely investigations and enhance accountability.

- 2. Optimize Mileage Data Capture**

Prioritize timely repairs of Vehicle Data Units (VDUs) and explore integration of Automatic Vehicle Location (AVL) with the M5 system to improve mileage data capture.

- 3. Implement Annual Vehicle Level Fuel Efficiency Analysis**

Conduct annual fuel consumption analyses at the vehicle level to monitor usage patterns and identify fuel inefficiencies.

- 4. Strengthen Oversight of the Off-site Fuel Card Program**

Enhance monitoring and follow-up of fuel card transactions to improve off-site fuel management. This includes improving access to analyzable fuel data, providing fuel transaction data to user groups and ensuring the availability of user-specific information to support transparency, accountability, and effective oversight.

- 5. Improve Inventory Monitoring for On-site Fuel Tanks**

Establish a documented formal monthly fuel reconciliation process at all fuelling sites. This includes reviewing system-generated reports, comparing them against manual dip readings, and defining acceptable variance thresholds to trigger follow-up actions and ensure robust inventory control.

Conclusion

Overall, several foundational controls are in place to support effective fuel management across City operations. Notable strengths include dual authorization for on-site fuelling, robust physical security around fuel storage tanks, and the use of automated systems – Coencorp, AssetWorks, and the off-site fuel card program for capturing fuel transactions.

However, this audit identified key areas where oversight, data accuracy, and accountability can be strengthened. Specifically, the lack of exception-based monitoring and regular fuel consumption analysis, limited oversight of off-site fuel card usage, and the absence of routine fuel inventory reconciliations present risks to operational efficiency and fuel accountability.

Implementing the recommendations outlined in this report will enhance Fleet's ability to detect anomalies, improve the reliability of fuel data, and streamline fuel management processes. These improvements will support stronger accountability across user departments and provide more accurate information to guide operational and financial decision making.

**Management Action
Plans**

Management has reviewed the findings and agrees with all recommendations. Action plans have been developed to address each recommendation accordingly.

**Thank You to
Management and Staff**

We appreciate the cooperation and assistance of the management and staff of Fleet during the audit.

Distribution List

Standard Recipients

Members of Audit Committee

CAO

Members of Council

Members of Leadership Team

KPMG LLP, Chartered Accountants (Statutory Auditor)

Maria Khoushnood, Partner, Private Enterprise

Additional Recipients

Road Maintenance, Operations and Fleet

- Shane Loftus, Director, Road Maintenance, Operations and Fleet
- Angelo Mancuso, Manager, Fleet

Background

Fuel management is essential to support the operating needs of City divisions that operate gasoline or diesel-powered vehicles and equipment. Fleet Services manages the fuel for all City vehicles, with the exception of Fire & Emergency and Brampton Transit. City vehicles can access fuel through on-site fuelling stations and via an off-site fuel card program, ensuring convenient fuel access to all operating departments.

The City operates five on-site diesel fuelling stations using two systems: Coencorp, the legacy system, and AssetWorks, the newly integrated system, which is expected to be fully implemented across all stations by 2026.

The City operates five on-site diesel fuelling stations located at Sandalwood, Williams Parkway, Teramoto, Glidden, and a seasonal site at Chinguacousy Park. A single vendor supplies fuel for all stations. On-site fuelling activities are managed using two systems:

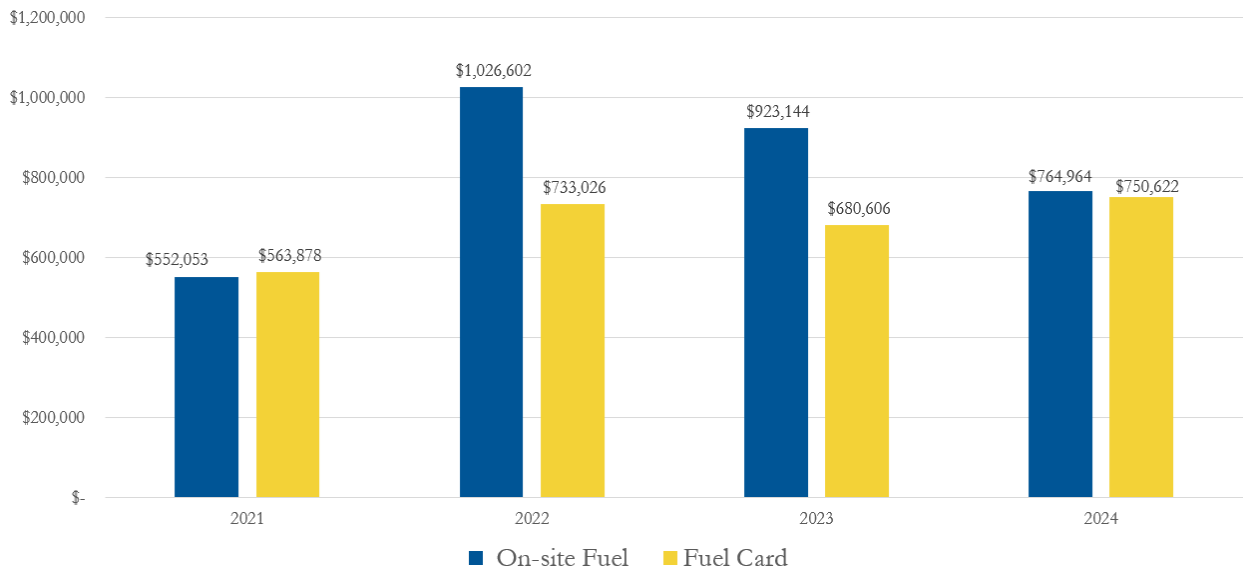
- **Coencorp Site Manager System (legacy system):** This system uses Vehicle Data Units (VDUs) to automatically detect vehicle identification and mileage data. Employee ID cards are required to authorize fuelling.
- **AssetWorks Fuel Management System (new system):** Introduced through a pilot project, this system uses fuel ring sensors for automated vehicle identification and transmits fuelling data directly to the M5 fleet management system. AssetWorks was implemented at Glidden in early 2024 and at Teramoto in January 2025, with testing currently underway at Chinguacousy Park. Full implementation across all five fuelling stations is expected by the end of 2026.

In addition to on-site fuelling, the City utilizes the off-site Fuel Card Program to support off-site fuelling. Off-site fuel cards are assigned to specific City vehicles and used at off-site commercial gas stations. Authorized employees must input the vehicle unit number and mileage at the pump. Transaction data is monitored by Fleet Administration, with mileage data manually entered into M5.

Between 2021 and 2024, the City spent approximately \$6 million on fuel, with 55% of expenditures attributed to on-site diesel fuelling and 45% to the Off-site Fuel Card Program.

Between 2021 and 2024, the City spent approximately \$6 million on fuel, with 55% of expenditures attributed to on-site diesel fuelling and 45% to the Off-site Fuel Card Program. Figure 1 provides a breakdown of fuel spending over the past four years.

Figure 1. Fuel Consumption



There are currently 7 full-time permanent employees in Fleet Administration including one Supervisor, Administration, one Analyst, Fleet, one Clerk, Fleet & Traffic Outside Services, two Maintenance Persons and two Technicians, Fleet. All administration staff report to the Supervisor, Administration, who reports to the Manager, Fleet.

Fuel inventory is monitored daily and reconciled against deliveries to ensure accurate ordering, verification, and payment.

Fuel Inventory Management

Fuel levels in on-site tanks are monitored daily using the Site Manager system. When inventory reaches a predetermined threshold, Fleet Administration places fuel orders via email to the City's fuel vendor. Ordering frequency varies based on operational needs and seasonal consumption trends. Upon delivery, the fuel vendor conducts pre and post-delivery dip readings, which are verified against Site Manager data by Fleet staff. Any discrepancies are addressed through additional manual checks. Fuel pricing is determined by market rates on the order date and is reflected on the vendor's delivery slip. Invoices and delivery slips are reviewed and reconciled to recorded volumes before payment is processed and are retained in physical files for records.

On-site fuelling requires dual verification of both employees and vehicles, with transaction data automatically recorded in M5.

On-site Fuelling

The on-site fuelling process begins when a City vehicle arrives at a fuelling station. To initiate fuelling, the system identifies the vehicle automatically through the VDU. The vehicle operator is required to swipe their employee ID card. The system validates both the employee's and the vehicle's credentials to ensure that the individual is authorized correctly and the vehicle is eligible for fuelling. Fuelling is permitted only after this verification is completed. Once fuelling is finished, the system captures key transaction data, including employee ID, vehicle unit number, mileage, and fuel volume and transmits it to the City's fleet management system, FleetFocus M5, for tracking, reporting, and reconciliation.

During system outages, fuelling is done manually, with operators required to enter key details to maintain accountability.

In instances of a system outage or equipment failure, a manual fuelling mode is available. In this mode, the automatic recognition of vehicle ID, mileage, and employee credentials is bypassed. However, the operator is still required to manually enter their employee number, vehicle unit number, and vehicle mileage into the system to maintain control and accountability. The fuelling of jerry cans follows a comparable process, where each can is assigned a unique identifier, and the operator must swipe their employee ID and manually enter the jerry can number to access fuel. Fuel consumption through jerry cans is also recorded and tracked in M5.

Fleet Administration centrally manages all fuel cards, including those for vehicles and jerry cans.

Off-site Fuel Card Management

Fuel cards are issued and managed centrally by Fleet Administration as part of the vehicle commissioning process. In addition to standard vehicle-assigned cards, miscellaneous fuel cards are issued for the filling of plastic containers (jerry cans) used to fuel equipment that cannot easily be transported to a fuelling site. These miscellaneous cards are issued to and managed by designated supervisors within each operational unit. Requests for fuel card replacement or cancellation, due to loss, damage, or vehicle decommissioning, are also administered by Fleet Administration. Fuelling privileges are granted only to employees with a valid City-issued driver permit, and access is revoked when an employee departs the City. Access to the off-site card management system is restricted to designated Fleet Administration personnel.

Off-site fuelling is conducted through the off-site fuel card program, which requires employees to manually enter the vehicle unit number and mileage details.

Off-site Fuelling

Off-site fuelling is facilitated through the off-site fuel card program, with cards assigned to specific City vehicles. Authorized employees use these cards at commercial fuelling stations, where they are required to input the vehicle unit number and current mileage at the pump. This information is also manually recorded on fuel receipts, which are submitted to the user department supervisors for review.

Fleet Administration reviews the monthly Purchase Activity Reports retrieved from the off-site fuel vendor portal. If instances of excessive fuel card usage are identified, they are followed up with the respective user departments. Due to the absence of direct system integration, mileage data is manually entered into M5 based on vendor reports.

The fuel management audit is part of the approved 2025 audit plan. The last full scope fuel management audit was completed in 2019.

Detailed Audit Findings

A. Strengthen Monitoring Process for On-site Fuel Use

Priority Rating

P2

Background	<p>Fleet manages on-site fuel dispensing for 11 fuel tanks at 5 City locations. On-site fuelling is handled through the Coencorp or AssetWorks system, depending on the fuelling site. To initiate fuelling, operators are required to swipe their employee ID card and use a vehicle-specific key fob to validate both their identity and the associated vehicle. Once authorization is granted, the system automatically logs the transaction, capturing detailed data including the date, time, vehicle unit number, employee ID, pump and tank location, odometer reading, and the volume of fuel dispensed (measured in litres). This dual authorization process helps ensure that fuel is only dispensed by authorized personnel for designated City vehicles. A fuel transaction report showing all fuel activity can be run at any time by Fleet in both the Coencorp and AssetWorks systems.</p>
Criteria	<p>On-site diesel fuelling activity should be actively and consistently monitored to ensure that all transactions reflect valid, authorized usage. Exceptions such as short-interval fuel-ups should be detected and investigated promptly.</p>
Condition	<p>Internal Audit reviewed on-site fuel transaction data from 2022 to 2024 and identified multiple instances where the same vehicle was fuelled multiple times within a short time interval. These short-interval fuel-ups raise potential red flags for split transactions or improper fuelling practices.</p> <p>Upon discussion with Fleet Administration, possible explanations included:</p> <ul style="list-style-type: none">• The operator may have unintentionally stopped and restarted the fuelling process, resulting in two separate system entries.• The operator may have fuelled up a vehicle as well as a rear tank or jerry can in two separate transactions, but entered the vehicle unit number for both fill-ups instead of the rear tank or jerry can unit number. <p>Operators are required to use designated key fobs that correspond to the specific unit numbers for rear tanks and jerry cans, separate from those assigned to City vehicles, to ensure accountability and traceability. In addition, vehicles are expected to complete fuelling in a single continuous transaction.</p>

Given the age of the data and absence of exception reports, it is now difficult to conclusively determine the root cause of these anomalies. However, this highlights a need for after-the-fact data analytics and exception monitoring to detect and investigate such cases promptly.

Fleet should implement a formal exception monitoring process to flag irregular fuelling activity, such as short-interval fuel-ups, to ensure timely review and investigation.

Fleet should enforce the use of designated key fobs assigned specifically to jerry cans and rear tanks to ensure accurate tracking of fuel usage.

Cause Staff advised that the current process emphasizes preventative controls at the point of fuelling, specifically employee ID and vehicle key fob validation. However, they do not fully employ detective controls, such as exception-based monitoring. Staff also noted that resource limitations and competing operational priorities have impacted their ability to develop analytical tools to identify short-interval refuelling or improper use of jerry cans.

Impact In the absence of exception-based monitoring, irregular fuelling activities such as unauthorized use or improper jerry can transactions may go undetected. The lack of post-transaction analysis limits Fleet's ability to identify potential fuel misuse or operational inefficiencies in a timely and effective manner.

Recommendation:

1. Strengthen the Process for Monitoring On-Site Fuel Usage

The Director, Road Maintenance, Operations and Fleet should implement an exception-based monitoring process to flag irregular fuel usage, enabling the timely detection of potential misuse and supporting greater accountability.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

Fleet currently provides fuel FOBs and training to staff who require access to the onsite fueling systems. Business System (IT) is currently installing a new fueling system in 3 of the 5 fuel sites.

1. Fleet will implement a report that identifies fueling expectations and irregularities and will follow up with the user groups when required.
2. Fleet is also working with Business Systems (IT) to implement system controls at the pump that will not allow consecutive fuel ups under the same FOB in a restricted time frame. This will prevent short interval fuel ups.

Fleet is also working with Business Systems (IT) to review any additional safeguards and reports that can be added to help strengthen the review process. Fleet may also require additional staffing to enhance any additional monitoring.

Timeline:

- Item 1: Q3 - Q4, 2026
- Item 2: Q4, 2025 - Q1, 2026

B. Enhance Vehicle Mileage Capture and Fuel Analysis

Priority Rating

P2

Background

Fleet relies on mileage data to monitor diesel fuel consumption and support operational planning. For on-site fuelling, Vehicle Data Units (VDUs) capture odometer readings at the fuel pump and transmit this data to M5 through the Coencorp system. This data feeds the Consumption Statistics (Vehicle) report, which is reviewed monthly to compare vehicle-level fuel use. Most Fleet vehicles are also equipped with Automatic Vehicle Location (AVL) systems that track location and mileage. However, AVL is not currently integrated with M5 and does not support fuel reporting. For off-site fuelling at vendor's fuelling stations, operators enter odometer readings manually at the pump and the mileage is manually entered into M5 by Fleet staff based on the monthly report.

Criteria

Mileage should be accurately and consistently captured to ensure reliable tracking and oversight. Captured data should be regularly analyzed using metrics such as litres per kilometre to benchmark vehicle performance, identify inefficiencies, detect anomalies, and support data-driven decisions.

Condition We reviewed the mileage collection process and identified several limitations that impact the accuracy and consistency of fuel consumption monitoring.

- **Non-Functional VDUs:** At the time of the audit, 48 VDUs were found to be non-operational, limiting the automated capture of odometer readings during on-site fuelling. While this reflects progress from the 88 non-functional VDUs reported in the 2023 Fleet Maintenance Audit, a significant portion of the fleet still lacks reliable automated mileage tracking.
- **Limited Integration of AVL Systems:** Although the majority of fleet vehicles are equipped with AVL systems capable of tracking mileage, AVL is not integrated with M5 and does not feed into the Coencorp Consumption Statistics (Vehicle) report. Consequently, AVL mileage data is not currently utilized to support fuel consumption analysis.
- **Manual Data Entry for Off-Site Fuelling:** For off-site fuelling at off-site vendor fuelling stations, operators manually input odometer readings at the pump. This information is then manually transferred into M5 by Fleet technical staff based on monthly reports. The reliance on manual processes at two stages increases the risk of data entry errors and inconsistencies.
- **Lack of Annual Fuel Efficiency Analysis:** Although Fleet conducts monthly comparisons of fuel consumption by vehicle, it does not perform annual litres-per-100-kilometre (L/100 KM) analysis, a common fuel efficiency metric in Canada, at the individual vehicle level. The absence of this analysis limits the City's ability to detect long-term trends, inefficiencies, or red flags indicative of improper fuelling practices or mechanical issues.

Fleet should prioritize the proactive repair or replacement of non-functional VDUs to ensure consistent and automated odometer data capture across the fleet. They should also explore opportunities to integrate mileage data from the more accurate and reliable AVL system into the fuel consumption analysis.

Fleet should work toward minimizing reliance on manual data entry for off-site fuelling mileage by exploring options for partial automation or enhanced data validation controls, which would help reduce input errors and improve the reliability of off-site fuelling records.

Fleet should also implement an annual litres-per-100 kilometre (L/100 KM) analysis at the individual vehicle level to support ongoing monitoring of fuel efficiency. Conducting regular L/100 KM reviews would enable Fleet to benchmark vehicle performance and identify anomalies or inefficiencies.

Cause Staff advised VDU repairs are performed during vehicle maintenance, leading to gradual rather than proactive restoration. VDUs are also often unplugged during off-site servicing at dealerships and not reconnected upon return, contributing to extended downtime. Although most vehicles are equipped with AVL, it is not currently integrated with M5. Additionally, the City's off-site fuelling vendor does not support automated data transfer or provide exportable data formats, requiring Fleet staff to manually enter kilometres into M5.

Impact The lack of consistent and automated mileage capture, combined with the absence of a litres-per-kilometre analysis, reduces Fleet's ability to monitor fuel efficiency. This creates potential blind spots in detecting irregular usage, identifying mechanical issues, or flagging inappropriate fuelling patterns.

Recommendation:

2. Optimize Mileage Data Capture

The Director, Road Maintenance, Operations and Fleet should optimize mileage data capture by prioritizing the repair of non-functional Vehicle Data Units, exploring integration of Automatic Vehicle Location data with M5, and reducing reliance on manual data entry.

3. Implement Annual Vehicle Level Fuel Efficiency Analysis

The Director, Road Maintenance, Operations and Fleet should implement annual vehicle-level fuel efficiency analyses to identify and investigate vehicles with poor fuel efficiency, which may indicate mechanical issues or potential fuel misuse.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

1. Fleet is tracking and repairing the non-functional Vehicle Data Units (VDU's) on an ongoing basis. We are currently working with Business Systems (IT) and AVL team to find an alternative and robust system to capture accurate mileage for all COB fleet vehicles. Fleet is currently running a small pilot on 10 licensed vehicles to extract mileage and ensure it is compatible with M5 and CoenCorp (onsite fuel system).
2. Fleet will implement an annual fuel consumption report based on the current usage report. The analysis will be based on L/100km and any high or low consumption will be investigated as necessary.

Timeline:

- Item 1: Q3, 2026
- Item 2: Q4, 2025

C. Enhance Oversight of the Off-site Fuel Card Program

Priority Rating

P2

Background

Fleet issues fuel cards to authorized fleet users for off-site fuelling. The use of these cards is governed by Fleet's standard operating procedure (SOP), *Use of Commercial Fuel Purchasing Card*. A monthly Purchase Activity Report is provided for each card, accessible through the vendor's portal. These reports contain detailed transaction-level data, including the date, time, fuelling location, unit number, odometer reading, fuel type, litres dispensed, unit cost, and total amount. Access to the portal is limited to 6 Fleet staff. All reports are delivered in PDF format.

Criteria

Fleet and business units should have a coordinated and comprehensive approach to monitoring off-site card usage in order to identify irregular fuelling activity. Access to complete, analysable data should be available to support oversight and ensure compliance with fuel policies.

Condition A review of the off-site fuel card monitoring process noted the following:

1. No formal process to follow up with business units on potential fuelling exceptions. A review of off-site fuel card transaction data from 2022 to 2024 noted:
 - 324 transactions were conducted at off-site fuel stations outside of Brampton, totalling \$26,827 across 75 cities. The majority of these transactions occurred at locations within the Greater Toronto and Hamilton Area (GTHA), while the other transactions occurred in other areas of Ontario, as well as 7 out-of-province fuel-ups. The transactions outside of the GTHA are due to city vehicles being taken to repair facilities, auctions or being used for work-related conferences or training. According to Fleet staff, if they are not aware of the reason for out-of-town travel, they will contact the operator. However, there is no form or email to support the inquiry.
 - \$25,494.48 was spent on Super Unleaded Ethanol (10% blend) and \$3,376.11 on Unleaded Super. Both fuel grades are considered premium fuel types not typically required by the City's fleet. These premium fuel-ups are not flagged or followed up with the operator.
2. Business units do not receive Purchase Activity Reports from off-site fuel vendor. The monthly report is uploaded to the portal, which only Fleet Administration has access to. Instead, business units rely on operators manually submitting receipts or ad hoc phone calls from Fleet to inform them of any suspected exception usage. This approach by business units to monitor fuel usage is inconsistent and dependent on the employee submitting their receipts.
3. Off-site reports are not provided in a user-friendly format. All off-site reports in the portal are provided only in PDF format, which presents a significant barrier to data analysis. The inability to convert the data into a usable format (e.g., Excel or CSV) severely limits Fleet Administration's ability to analyze data and detect fuelling anomalies, such as short interval refuelling or unauthorized employee usage. Additionally, the portal only provides access to the most recent 24 months of transaction data, which further limits the ability to conduct historical analysis and long-term trend evaluation.

4. Employee ID is not captured for fuel transactions. At the pump, operators are required to enter their unit number and mileage, however, they are not prompted to input their employee ID. As a result, the Purchase Activity Report does not capture any employee information. This limitation restricts Fleet's ability to directly associate fuel transactions with individual employees, posing challenges in ensuring accountability and following up on specific fuel transactions.

Fleet administration should have a standardized process for identifying and following up on out-of-Brampton fuel-ups and the use of premium fuels, which should include sending an email or form to the operator and their supervisor.

Monthly off-site Purchase Activity reports should be filtered and shared with business units either by Fleet administration or, if possible, directly from the vendor. This will allow business units to obtain a comprehensive view of their staff's fuelling activity, even if manual receipts are not submitted.

The vendor should be engaged, and a request should be made for monthly reports to be available in CSV or Excel format, in addition to the existing PDF format. This will improve data usability and make it easier for fleet to analyze fuel data.

The off-site fuel card program should be enhanced to require drivers to enter their employee ID or a unique identifier when using the fuel card. This would improve traceability and support more effective monitoring of fuel transactions.

Cause Staff advised that ongoing staff shortages and the high volume of monthly transactions have made it difficult to effectively monitor fuel activity. Access limitations and the static report format further contribute to this challenge.

Impact The lack of a formal fuel monitoring process, limited fuel transaction information for business units, the lack of fuel data in an analyzable format, and the absence of employee information increase the risk that unauthorized or irregular fuelling will go undetected.

Recommendation:

4. Strengthen the Oversight of the Off-site Fuel Card Program

The Director, Road Maintenance, Operations and Fleet should strengthen the off-site fuel card program by implementing formal processes to improve oversight, accountability, and data usability. Specifically, the program should be enhanced by:

- a. Establishing a formal procedure for following up on fuelling exceptions, including out-of-town transactions and use of premium fuel types, with documented communication (e.g., standardized forms or emails) to support inquiries and responses.
- b. Providing business units with regular access to fuel purchase activity reports to support operation level monitoring and shared accountability.
- c. Working with the vendor to obtain fuel transaction data in an analyzable format (e.g., Excel or CSV) to facilitate fuel review and analysis.
- d. Exploring enhancements to capture operator-specific information such as employee ID at the time of fuelling to improve traceability and support effective monitoring of fuel transactions.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

1. Fleet will implement a formal process to review and follow up on all exceptions, such as out of town fueling and premium fuel types. User groups to provide explanations for the transactions.
2. Fleet will explore options available to provide monthly off-site fuel reports to the respective user groups to enable the review of offsite fuel transactions at the operational level.
3. Fleet will work with our current off site fuel provider to generate reports in excel.
4. Fleet will implement additional tracking of offsite fueling to enable user identification such as employee ID.

Timeline: Q4, 2025

D. Establish A Standard Fuel Inventory Reconciliation Process

Priority Rating

P2

Background

The City currently operates two fuel management systems to manage diesel fuel inventory: the legacy Coencorp system and the recently integrated AssetWorks system. Both systems incorporate manual dip readings as part of inventory verification.

The Coencorp system can generate inventory reconciliation reports, which compare fuel consumption calculated from tank gauging with consumption based on transaction records i.e. fuel dispensed through pumps. A negative variance, where gauged consumption exceeds transaction-based records, could suggest potential fuel losses due to unrecorded withdrawals, leaks or unauthorized usage. Conversely, a positive variance, where gauged consumption is less than transaction-based consumption, may indicate issues such as tank sensor errors or inflated fuel usage due to transaction capture errors.

The AssetWorks system includes functionality to generate a Tank Sticking Journal report. The report compares automated stick readings, which are electronic measurements of fuel levels in storage tanks through sensors, with calculated inventory levels based on recorded deliveries and fuel consumption. This report, along with the Product Issue Journal, which details all recorded fuel transactions, can be used to perform the monthly fuel inventory reconciliation.

Criteria

Fuel inventory should be reconciled monthly through a documented process that includes:

- Comparing consumption based on fuel transactions with consumption based on fuel deliveries and tank gauging
- Verifying manual dip readings against system-recorded inventory levels to confirm accuracy
- Investigating discrepancies that exceed defined variance thresholds to detect issues such as leaks, gauge errors, or unrecorded transactions

Condition A review of the reconciliation process for on-site fuel inventory noted the following:

1. For Coencorp-managed sites, inventory reconciliations are not being performed or reviewed. There were no Coencorp inventory reconciliation reports run between 2022 and 2024, despite the system's capability to produce them. Since this process is not being actively monitored, no variance thresholds have been established to flag discrepancies for investigation.

Internal Audit examined Coencorp reconciliation reports for three selected months across six tanks (18 total samples). In two cases, the variance between consumption calculated using inventory tank levels and consumption based on fuelling transactions exceeded 5%. Variances over a certain threshold should trigger an investigation since a negative variance may indicate potential tank leakage or unrecorded withdrawals, whereas a large positive variance could point to gauging errors.

2. For AssetWorks managed sites, Fleet is not fully utilizing the system's reporting capabilities to perform fuel inventory reconciliations. AssetWorks provides tools such as the Tank Sticking Journal Report and the Product Issue Journal, which can support effective monthly reconciliation. However, these reports are not regularly reviewed, and no reconciliations have been performed by comparing recorded fuel consumption against automated tank readings and delivery data.

Fleet should generate and review monthly inventory reconciliation reports from the Coencorp system and ensure that reconciliation procedures are performed for AssetWorks-managed sites. Regular reconciliation will enhance oversight and enable timely identification of discrepancies in fuel inventory.

3. While Fleet staff perform manual dip readings at both Coencorp and AssetWorks sites, these readings are not stored in a centralized location, and the comparison between manual readings and system-recorded inventory levels is not documented.

Fleet should centralize the collection of the manual dip readings and formally document the comparison between manual measurements and system-recorded inventory levels. Establishing a standardized process for capturing and evaluating this data will improve traceability and validate on hand fuel quantities.

4. There is no formal SOP that outlines roles, responsibilities, or the required steps for performing fuel inventory reconciliations.

Fleet should develop a formal SOP for fuel inventory reconciliation that outlines roles, responsibilities, variance thresholds and investigation protocols to strengthen accountability and promote consistent practices across all fuelling sites.

Cause Staff advised due to staff shortages and the fact that there are 11 different fuel tanks, it has been an ongoing challenge to stay on top of the monthly fuel reconciliations. Recent efforts have prioritized the rollout and stabilization of the AssetWorks system, resulting in decreased attention to reconciliation activities at Coencorp sites.

Impact The lack of a consistent, standardized fuel reconciliation process weakens fleet's ability to monitor diesel fuel inventory accurately. This increases the risk that discrepancies, including leaks, unauthorized usage, or delivery errors, will go undetected.

Recommendation:

5. Improve Inventory Monitoring for On-Site Fuel Tank

The Director, Road Maintenance, Operations and Fleet should implement a standardized monthly fuel inventory reconciliation process across all fuelling sites to strengthen oversight and enable timely identification and investigation of discrepancies. Specifically, the process should include:

- a. Generating and reviewing monthly reconciliation reports from both Coencorp and AssetWorks systems
- b. Establishing defined variance thresholds that trigger follow-up actions and investigations to address potential issues such as unrecorded withdrawals, or gauging errors.
- c. Centralizing the collection and storage of manual dip readings and formally documenting comparisons between manual measurements and system recorded inventory levels.
- d. Developing a formal SOP that outlines staff roles, responsibilities, reconciliation steps, documentation requirements, and investigation protocols.

Management Response: ☒ Agree ☐ Disagree

Comments/Action Plan

1. Fleet will formalize the fuel reconciliation process, including the review of the monthly reconciliation reports from both CoenCorp and Asset Works fuel systems.
2. The formalized process will include defined variance thresholds that trigger follow ups for potential fuel tank and recording issues.
3. Fleet will centralize the collection of the monthly manual dip readings and document the comparison between the manual and fuel system inventory levels.
4. Fleet will develop a formal SOP that addresses all areas of the fueling reconciliation process.

Timeline: Q4, 2025

Audit Objectives, Scope and Methodology

Objectives

The audit assessed whether Fleet Services has established effective controls and processes to support accountable and efficient fuel management operations. Specifically, the audit examined whether:

- Appropriate policies and procedures are in place to ensure effective, consistent, and accountable fuel management.
- Fuel inventory levels are properly monitored and replenished in a timely and controlled manner.
- Access to on-site diesel fuelling is appropriately restricted and fuel activity is adequately monitored.
- Off-site fuel cards are properly issued, managed, and monitored to prevent unauthorized use and ensure accountability.
- Off-site fuel activity is effectively monitored and related payments are accurate, properly reviewed, and approved.

Scope

Our audit scope covered fuel activity for the period of January 1, 2022 to December 31, 2024.

Methodology

Our audit methodology included the following:

- reviewing policies and standard operating procedures guiding fuel management
- interviewing staff involved in the fuel management process
- conducting sample testing and data analytics to assess efficiency, effectiveness and compliance of fuel management activities
- conducting site visits to observe fuelling practices and system functionality.

Appendix 1: List of Figures and Tables

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<i>Figure 1. Fuel Consumption</i>	7
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Appendix 2: Criteria for Assigning Ratings to Audit Findings

Priority Rating	Description
Priority 1 (P1)	<p>One or more of the following conditions exist that require immediate attention of the Senior Leadership Team. Corrective actions by Senior Management must be implemented.</p> <ul style="list-style-type: none">• Financial impact of both actual and potential losses is material• Management's actions, or lack thereof, have resulted in the compromise of a key process or control, which requires immediate significant efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks. Failure by Management to remedy such deficiencies on a timely basis will result in the City being exposed to immediate risk and/or financial loss• One more of the following conditions is true: i) management failed to identify key risks, ii) management failed to implement process and controls to mitigate key risks• Management's actions, or lack thereof, have resulted in a key initiative to be significantly impacted or delayed, and the financial support for such initiative will likely be compromised• Management failed to implement effective control environment or provide adequate oversight, resulting in a negative pervasive impact on the City or potential fraudulent acts by City staff• Fraud by Management or staff, as defined by the <i>Corporate Fraud Prevention Policy</i> (Policy 2.14)

Priority 2 (P2)	<p>One or more of the following conditions exist that require attention by Senior Management. Corrective actions by Management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is significant • Management's actions, or lack thereof, may result in a key process or control to be compromised, which requires considerable efforts and/or resources (including time, financial commitments etc.) to mitigate associated risks • Management correctly identified key risks and have implemented processes and controls to mitigate such risks, however, one or more of the following is true: i) the processes and controls are not appropriate or adequate in design, ii) the processes and controls are not operating effectively on a consistent basis • Management's actions, or lack thereof, have impacted or delayed a key initiative, and the funding for such initiative may be compromised • Management failed to provide effective control environment or oversight on a consistent basis, resulting in a negative impact on the respective division, or other departments • Management failed to comply with Council-approved policies, by-laws, regulatory requirements, etc., which may result in penalties • Management failed to identify or remedy key control deficiencies that may impact the effectiveness of anti-fraud programs
Priority 3 (P3)	<p>One or more of the following conditions exist that require attention by Management. Corrective actions by Management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is insignificant • A non-key process or control, if compromised, may require some efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks • Processes and controls to mitigate risks are in place; however, opportunities exist to further enhance the effectiveness or efficiency of such processes and controls. Management oversight exists to ensure key processes and controls are operating effectively • Minimal risk of non-compliance to Council-approved policies, by-laws, regulatory requirements, etc. • Low impact to the City's strategic or key initiative • Low impact to the City's operations



Fuel Management Audit

Audit Committee
June 10, 2025





Agenda

1. Audit Objectives
2. Scope and Methodology
3. Audit Observations
4. **Management Action Plans**
5. Next Steps
6. Questions



Audit Objectives

- Evaluate whether appropriate policies and procedures are in place to ensure effective, consistent, and accountable fuel management.
- Determine whether fuel inventory levels are properly monitored and replenished in a timely and controlled manner.
- Assess whether access to on-site diesel fuelling is appropriately restricted and fuel activity is adequately monitored.



Audit Objectives (Con't)

- Examine whether commercial fuel cards are properly issued, managed, and monitored to prevent unauthorized use and ensure accountability.
- Verify whether off-site fuel activity is effectively monitored and related payments are accurate, properly reviewed, and approved.



Scope and Methodology

Our audit scope covered fuel activity for the period of January 1, 2022 to December 31, 2024.

The audit methodology included:

- Review of policies and SOPs guiding fuel management.
- Interviews with staff involved in the fuel management process.
- Sample testing and data analysis to assess efficiency, effectiveness and compliance of fuel management activities.
- Site visits to observe fuelling practices and system functionality.



Audit Observation 1: Strengthen Monitoring Process for On-site Fuel Use

Internal Audit identified repeated short-interval fuel-ups for the same vehicles. There is also an inconsistent use of jerry can key fobs when filling jerry cans. These and the absence of exception-based monitoring reduce Fleet's ability to detect and address irregularities and or anomalies.

The Director, Road Maintenance, Operations and Fleet should implement an exception-based monitoring process to flag irregular fuel usage, enabling the timely detection of potential misuse and supporting greater accountability.



Audit Observation 2: Enhance Vehicle Mileage Capture and Fuel Analysis

We observed several data limitations that affect the accuracy and completeness of fuel consumption monitoring:

- At the time of the audit, 48 Vehicle Data Units (VDUs) were found to be non-operational, limiting the automated capture of odometer readings during on-site fuelling.
- Automatic Vehicle Location (AVL) is not integrated with M5 and is not currently utilized to support fuel consumption analysis.
- Odometer readings for off-site fuelling are manually entered at pumps and re-entered into M5, increasing the risk of errors.
- Fleet does not currently conduct annual litres-per-100 km analysis, a common fuel efficiency metric in Canada, limiting insight into fuel efficiency trends.



Audit Observation 2: Enhance Vehicle Mileage Capture and Fuel Analysis (Con't)

The Director, Road Maintenance, Operations and Fleet should enhance the fuel analysis process by:

- Optimizing mileage data capture by prioritizing the repair of non-functional VDUs, exploring integration of AVL data with M5, and reducing reliance on manual data entry.
- Implementing annual vehicle-level fuel efficiency analyses to identify and investigate vehicles with poor fuel efficiency and proactively detect mechanical issues or potential fuel misuse.



Audit Observation 3: Enhance Oversight of the Off-site Fuel Card Program

A review of the Off-site fuel card monitoring process noted the following:

- There is no formal process to follow up with business units on potential fuelling exceptions, including out-of-town or premium fuel transactions, limiting accountability.
- Business units do not receive off-site purchase activity reports and must rely on manual receipt submissions or ad hoc calls from Fleet, resulting in inconsistent fuel monitoring.
- Off-site reports are only available in PDF format and limited to 24 months, restricting Fleet's ability to conduct detailed analysis or identify long-term fuelling trends.
- Off-site transactions do not capture employee IDs at the pump, making it difficult to link fuel purchases to specific individuals and enforce accountability.



Audit Observation 3: Enhance Oversight of the Off-site Fuel Card Program (Con't)

The Director, Road Maintenance, Operations and Fleet should strengthen the Off-site fuel card program by:

- Establishing a formal procedure for following up on fuelling exceptions, including out-of-town transactions and use of premium fuel types, with documented communication to support inquiries and responses.
- Providing business units with regular access to fuel purchase activity reports to support operation level monitoring and shared accountability.
- Working with the vendor to obtain fuel transaction data in an analyzable format to facilitate fuel review and analysis.
- Exploring enhancements to capture operator-specific information such as employee ID at the time of fuelling to improve traceability and support effective monitoring of fuel transactions.



Audit Observation 4: Establish A Standardized Fuel Inventory Reconciliation Process

A review of the reconciliation process for on-site fuel inventory noted the following:

- For Coencorp managed sites, inventory reconciliations are not being performed or reviewed.
- For AssetWorks managed sites, Fleet is not fully utilizing the system's reporting capabilities to perform fuel inventory reconciliations.
- While manual dip readings are conducted, they are not centrally stored or consistently documented against system data, which may limit traceability.
- A formal SOP outlining roles, responsibilities, and reconciliation procedures has not yet been developed, which may impact consistency across fuelling sites.



Audit Observation 4: Establish A Standardized Fuel Inventory Reconciliation Process (Con't)

The Director, Road Maintenance, Operations and Fleet should implement a standardized monthly fuel inventory reconciliation process across all fuelling sites that includes:

- Generating and reviewing monthly reconciliation reports.
- Establishing defined variance thresholds that trigger follow-up actions and investigations to address potential issues such as unrecorded withdrawals, or gauging errors.
- Centralizing the collection and storage of manual dip readings and formally documenting comparisons between manual measurements and system recorded inventory levels.
- Developing a formal SOP that outlines staff roles, responsibilities, reconciliation steps, documentation requirements, and investigation protocols.



Conclusion

Overall, several foundational controls are in place to support effective fuel management across City operations. This audit identified key areas where oversight, data accuracy, and accountability can be strengthened. Specifically, the lack of exception-based monitoring and regular fuel consumption analysis, limited oversight of off-site fuel card usage, and the absence of routine fuel inventory reconciliations present risks to operational efficiency and fuel accountability.

Implementing the recommendations outlined in this report will enhance Fleet's ability to detect anomalies, improve the reliability of fuel data, and streamline fuel management processes. These improvements will support stronger accountability across user departments and provide more accurate information to guide operational and financial decision-making.



Management Action Plans

1. Enhancements to Fuel System Monitoring and Access Controls

- A. Implement a report that identifies fueling exceptions and irregularities and follow up with user groups when required.
- B. Fleet is also working with Business Systems (IT) to implement system controls at the pump that will not allow consecutive fuel ups under the same FOB in a restricted time frame. This will prevent short interval fuel ups.

Timeline: Item A - Q4, 2025, Item B - Q1, 2026



Management Action Plans

2. Odometer Data Accuracy and System Enhancement Initiative

- Track and repair the non-functional VDUs on an ongoing basis.
- Work with Business Systems (IT) and AVL team to find an alternative and robust system to capture accurate mileage for all COB fleet vehicles.
- Fleet is also currently running a small pilot on 10 licensed vehicles to extract mileage and ensure it is compatible with M5 and Coencorp.

Timeline: Q3, 2026



Management Action Plans

3. Annual Vehicle Fuel Efficiency Analysis and Exception Review

- Implement an annual fuel consumption report based on the current usage report.
- The analysis will be based on L/100 km and any high or low consumption will be investigated as necessary.

Timeline: Q4, 2025



Management Action Plans

4. Enhancing Oversight and Accountability of Off-Site Fuel Transactions

- Implement a formal process to review and follow up on all exceptions, such as out of town fueling and premium fuel types. User groups to provide explanations for the transactions.
- Explore options available to provide monthly off-site fuel reports to the respective user groups to enable the review of offsite fuel transactions at the operational level.
- Work with current off site fuel provider to generate reports in excel.
- Implement additional tracking of offsite fueling to enable user identification such as employee ID.

Timeline: Q4, 2025



Management Action Plans

5. Formalization of Fuel Reconciliation Process

- Formalize the fuel reconciliation process, including the review of monthly reconciliation reports from both Coencorp and AssetWorks fuel systems.
- Define variance thresholds that trigger follow ups of potential fuel tank and recording issues.
- Centralize the collection of the monthly manual dip reading and document the comparison between the manual and fuel system inventory levels.
- Develop a formal SOP that addresses all areas of the fueling reconciliation process.

Timeline: Q4, 2025



Next Steps

- ✓ Action plans have been developed
- ✓ Implementation is underway or completed
- ✓ Internal Audit will follow up and report on the status of these action plans



Questions?



FUEL MANAGEMENT AUDIT

Thank You



Date: 2025-05-30

Subject: **Management Action Plans Follow-up Engagement Report (Operational Audits)**

Contact: Claire (Fang) Mu, Director, Internal Audit

Report Number: CAO's Office-2025-493

Recommendations:

That the report titled: **Management Action Plans Follow-up Engagement Report (Operational Audits)**, to the Audit Committee Meeting of June 10, 2025, be received.

Overview:

- As part of the City of Brampton's ongoing commitment to continuous improvement, the Internal Audit team conducted a validation engagement to assess the implementation status of Management Action Plans (MAPs) previously reported as completed by management.
- The objective of the validation was to confirm whether MAPs related to high-risk (P1) and medium-risk (P2) findings, reported as fully implemented between January 1, 2024, and January 31, 2025, have been effectively executed and adequately address audit recommendations.
- These MAPs were drawn from nine operational audits completed between January 1, 2022, and December 31, 2024, across six City departments.
- **Appendix 1** summarizes the overall results of the MAP validation engagement.
- **Appendix 2** presents the validation results for MAPs assessed as Not Fully Implemented, including supporting details and management responses.
- **Appendix 3** provides a list of MAPs that were assessed as Fully Implemented.

Background:

In accordance with the City of Brampton's Internal Audit Charter and the Global Internal Audit Standards established by the Institute of Internal Auditors (IIA), Internal Audit is required to monitor and evaluate the effectiveness of management's corrective actions in addressing audit findings. In alignment with the charter and standards, the Internal Audit team conducted a validation exercise to assess the implementation status of Management Action Plans (MAPs) that were previously reported by management as completed.

Summary of Results:

Internal Audit reviewed a total of 59 MAPs across six City departments. Of these:

- 51 MAPs (86%) were validated as fully implemented.
- 8 MAPs (14%) were identified as not fully implemented due to insufficient supporting evidence or not fully addressing the original audit recommendations.

Validation Results	QTY
Total Validated Management Action Plans	59
Confirmed as Fully Implemented	51
Not Fully Implemented	8

Corporate Implications:

Financial Implications:

N/A

Other Implications:

N/A

Strategic Focus Area:

Government & Leadership: Focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability, and transparency.

Conclusion:

While progress has been made in addressing the issues identified through previous audits, the need to reopen eight of the MAPs emphasizes the importance of ensuring that corrective actions are not only carried out but are also effective in addressing the original audit recommendations.

Delays in fully implementing MAPs may leave the organization exposed to ongoing risks and unresolved issues identified in the audits.

To support the City's commitment to accountability and sound governance, Internal Audit recommends that management prioritize the completion of outstanding action plans.

Authored by:

Reviewed by:

Balqees Omotosho, Sr Advisor
Internal Audit

Claire (Fang) Mu, Director
Internal Audit

Attachments:

- Appendix 1 - Management Action Plans Follow-up Engagement Report (Operational Audits)
- Appendix 2 - Not Fully Implemented Management Actions Plans
- Appendix 3 - Fully Implemented Management Action Plans



Management Action Plans Follow-up Engagement Report (Operational Audits)

June 10, 2025

Claire Mu, CIA, CISA, CPA, CFA, MMPA, MFin
Director, Internal Audit

Balqees Omotosho, CIA, CISA, ISTQB
Sr. Advisor, IT Audit

Internal Audit



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Executive Summary

Background

The Institute of Internal Auditors (IIA) Global Internal Audit Standards require internal audit functions to monitor and evaluate the effectiveness of management's corrective actions in response to audit findings and recommendations. In alignment with these standards, the Internal Audit team conducted a validation exercise to evaluate the implementation status of Management Action Plans (MAPs) previously reported by management as completed.

This engagement focused on Management Action Plans (MAPs) related to high-risk (P1) and medium-risk (P2) findings that were reported as fully implemented between January 1, 2024, and January 31, 2025. These MAPs span nine operational audits completed between January 1, 2022, and December 31, 2024 covering multiple departments and functional areas.

While this review was limited to operational audits, a separate validation exercise for IT-related MAPs is planned for Q4 2025.

A total of 59 Management Action Plans (MAPs) were reviewed across six departments and nine audit engagements. Of these, 51 MAPs were validated as fully implemented, while eight were found to require further action and will be reopened for continued tracking. While most audit recommendations correspond to a single MAP, there are instances where a single recommendation resulted in multiple MAPs.

These results demonstrate the City's ongoing commitment to strengthening internal controls and managing risk effectively. They also underscore the value of audit follow-up activities in supporting continuous improvement across departments.

Engagement Objectives

The engagement aimed to review audit recommendations and the related MAPs from completed operational audits to confirm whether the MAPs reported as fully implemented have been effectively executed and adequately address audit recommendations.

What We Found

Of the 59 MAPs selected for review, we assessed 51 as fully implemented while eight were found to be not fully implemented. Among those not fully implemented, four are classified as high priority. We recommend that management expedite the implementation of these high-priority items to mitigate associated risks and strengthen internal controls.

Conclusion

While progress has been made in addressing the issues identified through previous audits, the need to reopen some of the MAPs emphasizes the importance of ensuring that corrective actions are not only carried out but are also effective in addressing the original audit recommendations.

Delays in fully implementing MAPs may leave the City exposed to ongoing risks and unresolved issues identified in the audits.

To support the City's commitment to accountability and sound governance, Internal Audit recommends that management prioritize the completion of outstanding action plans.

Internal Audit will continue to verify recommendations reported by management as fully implemented and will report on our results in future follow-up reports.

**Thank You to
Management and Staff**

We appreciate the cooperation and assistance of the management and staff of the City's divisions during the audit.

Distribution List

Department Heads

Marlon Kallideen – Chief Administrative Officer
Commissioner Alex Milojevic - Corporate Support Services
Acting Commissioner Jason Tamming - Corporate Support Services
Commissioner Bill Boyes - Community Services
Commissioner Peter Pilateris - Public Works and Engineering
Commissioner Steve Ganesh - Planning, Building and Growth Mgt.
Commissioner Laura Johnston - Legislative Services

Division Heads

Cynthia Ogbarmey-Tetteh - Director, Human Resources
Nash Damer - Treasurer
Anand Patel - Director, Recreation
Edward Fagan - Director, Parks Maintenance and Forestry
Melissa Qi - Director, Strategic Services & Initiatives
Rajat Gulati - Sr. Manager, Realty Services
Nick Ruller - Fire Chief
Rajkaran Chhina - Director, Facilities Operations and Maintenance
Robert Higgs - Director, Enforcement and By Law Services
Sean Morgan - Director, Purchasing
Shane Loftus - Director, Road Maintenance, Operations and Fleet

MAP Action Owners

Lana Huynh – Advisor, Special Projects, Realty Services
Andrew VonHolt – Deputy Fire Chief
Madeline Raiz – Division Chief, Admin Services
Carolyn Crozier – Strategic Leader, Project Management
Samantha Yee – Manager, Special Projects & Admin, Recreation
Maja Kuzmanov – Snr Mgr., Accounting Services and Deputy Treasurer
Yvonne Kwiecien – Mgr., Taxation & Assessment
Angelo Mancuso – Manager, Fleet
Claudia Santeramo – Manager, Procurement Performance
Lisa Dunlop – Manager, Health/Safety & Wellness
Reeta Chaudhary – Operations Manager, Service Brampton
Shane Keyes – Manager, Enforcement, Property Standards
Shawna McNally – Manager, Service Experience & Quality

MAP Coordinators

Kimberly Strok – Advisor, Special Projects, Corporate Support Services
Raymond Thomson – Mgr., Executive Operations and Special Projects
Roma Bereza - Senior Manager, Service Brampton
Christina Baker – Advisor, Special Projects, Community Services
Kelly Zore – Mgr., Community Services Exec Ops. and Special Projects
Neoma Surju – Admin Assistant, Finance
Bhamini Chiekrie – Advisor, Special Projects, Public Works and Eng.
Kareen Waugh-Derby – Advisor, Enforcement & By Law Services

Overview of the Follow-up Process

Internal Audit’s follow-up process as summarized in Figure 1 requires management to review the outstanding recommendations and provide information on their implementation status. In cases where management continues to work on implementing a recommendation and has not yet reported it as fully implemented, validation work is not performed.

Figure 1: Key Steps in the MAP Follow-up Process



For MAPs reported by management as fully implemented, management is required to provide sufficient and appropriate supporting documentation. Internal Audit reviews the supporting documentation to validate the implementation of the MAPs.

This exercise is not an audit engagement; however, validation procedures are conducted to verify management’s reported implementation status.

MAP Status Summary Tables

The table below presents a summary of the validation results.

Table 1: Overall MAP Validation Statistics

Validation Status	Number of MAPs	%
Fully Implemented	51	86%
Not Fully Implemented	8	14%
Total	59	100

Figure 2: Overall MAP Visualized

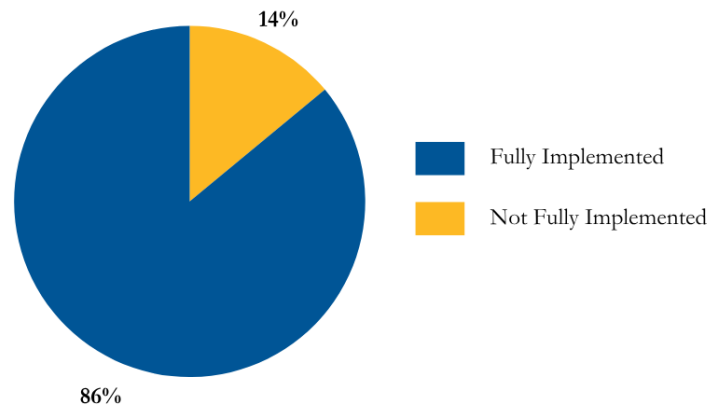


Table 2: MAP Validation Statistics by Audit

The table below summarizes the validation status of MAPs by audit. It presents the total number of MAPs developed by management in response to audit recommendations, the number reviewed during this validation based on management's implementation assertions, and the results. This table indicates how many were validated as fully implemented and how many remain outstanding, providing a snapshot of implementation progress by audit.

Audit Title	Departments	#MAPs in the Audit	#MAPs Reported as Fully Implemented by Management	#MAPs Validated as Fully Implemented	#MAPs Not Fully Implemented	%MAPs Validated as Fully Implemented Compared to Management's Self-Assessment
2022-01 - Procurement and Sole Source Purchasing	Office of the CAO	7	4	3	1	75%
2022-05 - Realty Services	Office of the CAO	16	3	2	1	67%
2022-12 - User Fees Audit	Planning, Building and Growth Management, Community Services, Corporate Support Services, Office of the Chief Administrative Officer	30	11	10	1	91%
2022-13 - Workplace Health & Safety Audit	Corporate Support Services	12	2	2	0	100%
2023-02 - Business and Property Taxes	Corporate Support Services	8	2	2	0	100%
2023-03 - Fleet Maintenance	Public Works and Engineering	12	12	10	2	83%
2023-04 - Limited Tendering Limited Scope Review	Office of the CAO	2	1	1	0	100%
2023-05 - Asset Management (Small Equipment & Operating Tools) Audit	Public Works and Engineering, Community Services, Corporate Support Services	46	13	13	0	100%
2024-01 - By-Law Enforcement	Legislative Services	19	11	8	3	73%
Total		152¹	59	51	8	86%

¹ The total of 152 MAPs represents all MAPS associated with the audits included in this review. It does not represent all outstanding MAPs across the organization, and the listed audits do not include all audits with outstanding MAPs.

Figure 3: MAP Validation Statistics by Audit

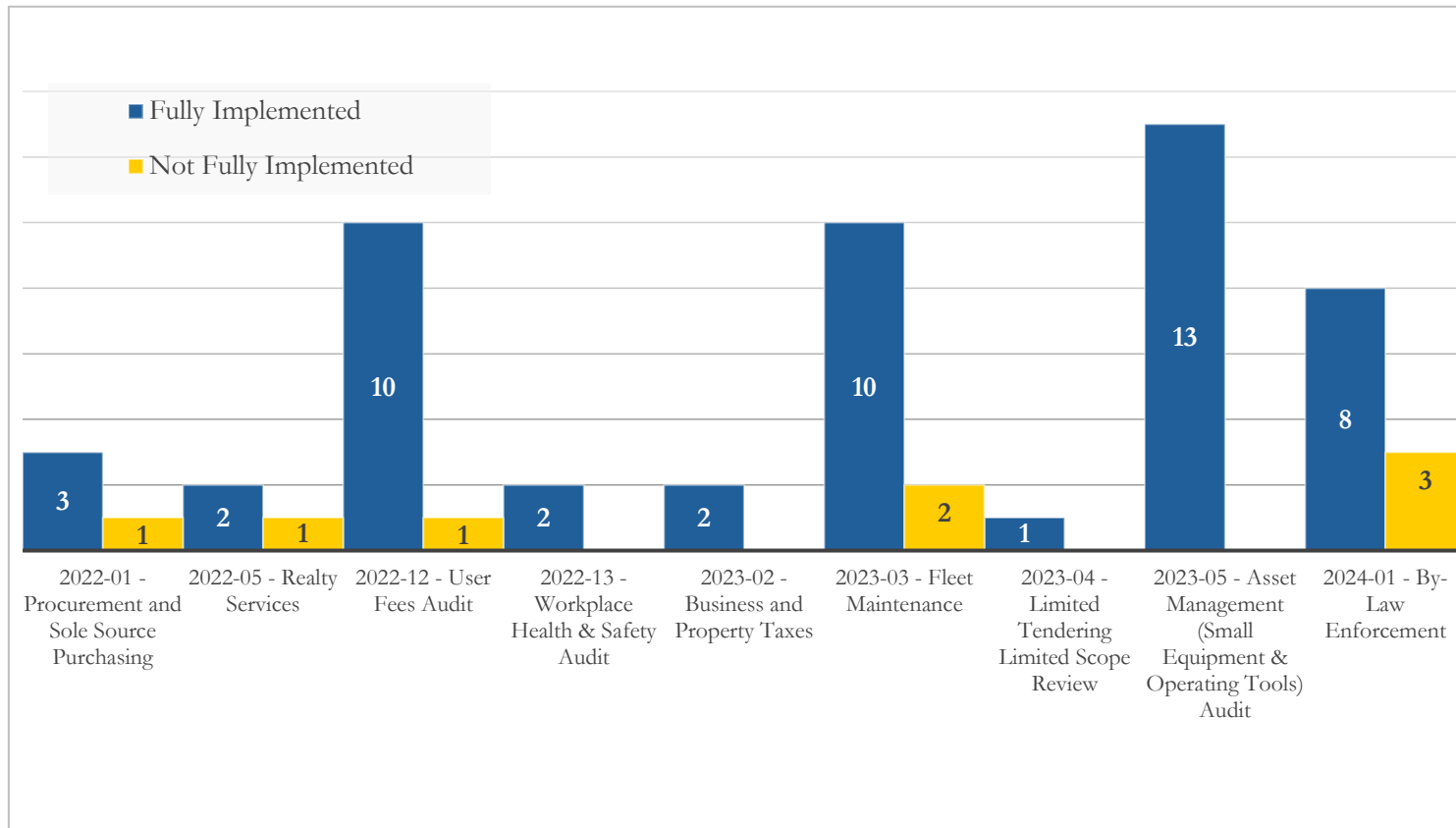
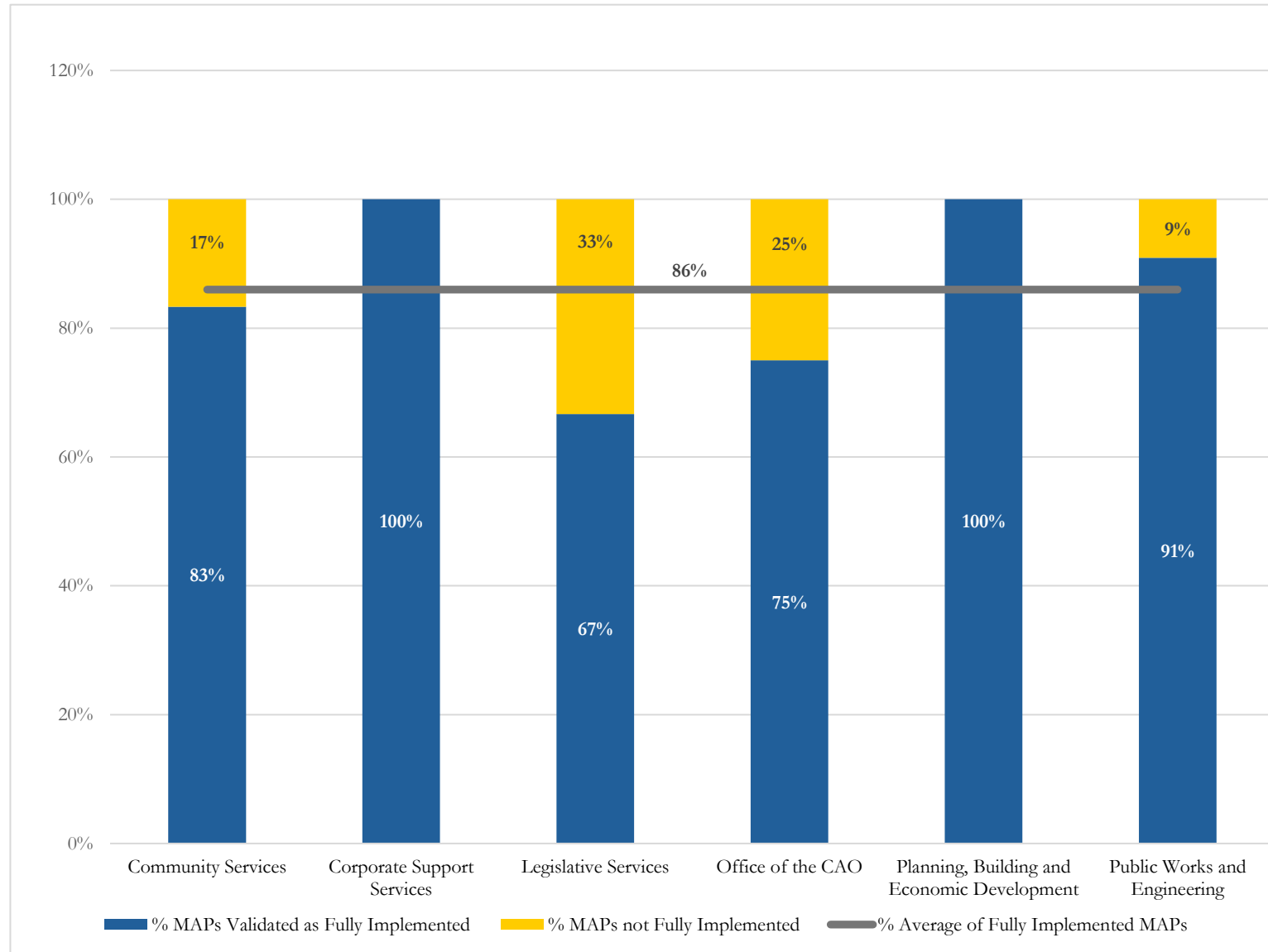


Table 3: MAP Validation Statistics by Department

The table below presents a summary of the Management Action Plan (MAP) validation results categorized by department. It highlights the number of MAPs assessed, those confirmed as fully implemented, and those requiring further action, providing insight into departmental progress in addressing audit recommendations.

Department	#MAPs Reported as Fully Implemented by Management	#MAPs Validated as Fully Implemented	#MAPs Not Fully Implemented	%MAPs Validated as Fully Implemented Compared to Management's Self-Assessment
Community Services	6	5	1	83%
Corporate Support Services	8	8	0	100%
Legislative Services	9	6	3	67%
Office of the CAO	8	6	2	75%
Planning, Building and Economic Development	6	6	0	100%
Public Works and Engineering	22	20	2	91%
Total	59	51	8	86%

Figure 4: MAP Validation Statistics by Department

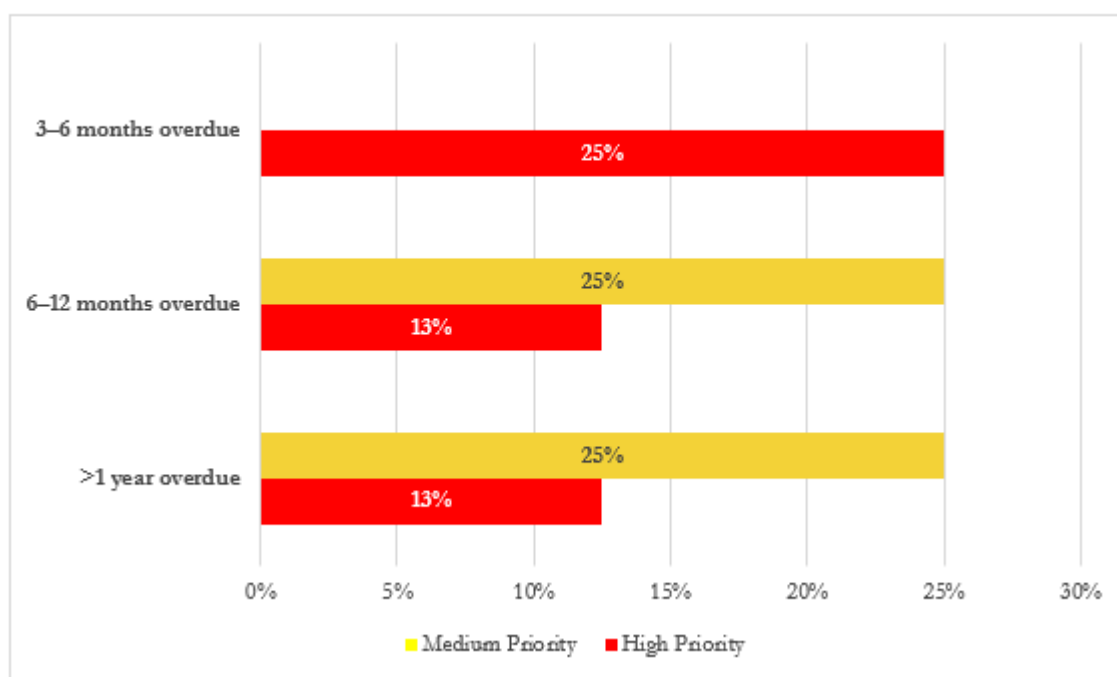


Profile of MAPs Assessed as Not Fully Implemented by Aging and Priority

An aging analysis of the eight MAPs that were assessed as not fully implemented revealed the following:

- Three MAPs are more than one year overdue. One of these MAPs is associated with a high priority finding.
- Three MAPs are six to 12 months overdue. One of these MAPs is associated with a high priority finding.
- Two MAPs, both associated with high priority findings, are three to six months overdue.

Figure 5: Aging Analysis of Not Fully Implemented MAPs



The aging profile of these MAPs highlights that 38% remain unresolved for over a year, 13% of these are related to high-priority audit findings. This underscores the importance of sustained follow-up to ensure long-standing issues are addressed. Continued monitoring is critical in reducing implementation delays and addressing higher-risk areas effectively.

Summary of Validation Results

The validation exercise identified several Management Action Plans (MAPs) that were reported as fully implemented but did not fully meet the criteria upon review. The following section outlines those MAPs that require further work to ensure the original audit recommendations are fully addressed.

Audit Title	Audit Recommendation	MAP Title	Validation Result Summary
2023-03 - Fleet Maintenance Audit	City Council request that the Director, Road Maintenance, Operations and Fleet ensure that staff optimize the effectiveness of current intervals by taking into consideration the manufacturers' recommended service intervals and that the revised preventative maintenance program is followed.	2.1 Management will review manufacturers' recommendations and escalate overdue service requests.	Preventative Maintenance (PM) schedules were revised to align with manufacturer guidelines, dashboards were implemented in M5 for monitoring. However, adherence to PM schedules remain inconsistent.
	City Council request that the Director, Road Maintenance, Operations and Fleet take steps to ensure that vehicle mileage maintained in M5 is current and accurate.	3.1 Forepersons and supervisors will review mileage during repairs and repair Vehicle Data Units (VDUs) when vehicles are serviced, or parts are available.	Management repaired 80 of 154 (52%) defective VDUs and introduced a process for identifying and repairing defective VDUs. However, 15.5% of PM intervals still showed inaccurate mileage entries, indicating continued issues with data accuracy in M5.
2022-12 - User Fees Audit	The Chief Administrative Officer (CAO) will develop a user fee framework, in consultation with Finance and user fee program areas. In addition, each program area will develop a program-specific user fee policy, as part of its comprehensive	1.1 The Chief Administrative Officer will develop a user fee framework. 1.1.1 Fire Services will develop a program-specific user fee policy, as part of its comprehensive user fee study.	Previous Brampton Fire & Emergency Services (BFES) management staff indicated that the Standard Operating Guideline (SOG) for the user fee framework was completed in June 2024. Upon review, Internal Audit noted that the document is still in draft form

Audit Title	Audit Recommendation	MAP Title	Validation Result Summary
	<p>user fee study with the following proposed timeline:</p> <ol style="list-style-type: none"> 1.Recreation – Q4 2024 2.Planning – June 2024 3.Fire & Emergency Services – June 2024 4.Parks – Q4 2024 <p>The CAO will determine the feasibility and timeline of rolling out the user fee policy implementation to other City user fee areas such as Building, Finance, and City Clerk’s.</p>		<p>and pending formal review and approval.</p> <p>The current BFES management clarified that the guideline is part of a larger initiative and is being actively developed with consultant support. In response, BFES acknowledged the discrepancy, noting that a city-wide user fee framework—led by the Office of the CAO and slated for Council review in June 2025—will guide the finalization of its SOG. Additionally, an in-depth review of Fire Service User Fees by Hemson Consulting Ltd., expected to be completed by Fall 2025, will further inform BFES’s approach.</p>
2022-01 - Procurement and Sole Source Purchasing Audit	<p>As a best practice, the City should consider lowering the threshold for reporting Limited Tendering (LT) procurements to Council. Given the significant financial values, LT contract extensions and renewals should be clearly identified, categorized, summarized and included in the quarterly LT reports to City Council.</p> <p>Purchasing should define Key Performance Indicators (KPIs) including Non-Competitive to Total Procurement and report to City Council.</p>	2.1 Management will review Purchasing By-law for potential alignment with other municipalities.	Purchasing By-law review is in progress; changes to reporting thresholds are not yet finalized.

Audit Title	Audit Recommendation	MAP Title	Validation Result Summary
2022-05 - Realty Services (Gap Analysis)	One-time clean-up exercises should be conducted for Integrated Workplace Management System (IWMS) to update all fields and reflect the current status of active agreements.	8.2 Management will implement IWMS Data Validation and Access Controls Enhancement.	Management implemented a manual review process to verify lease data in the current Integrated Workplace Management System (IWMS). However, there is insufficient evidence that input controls for key lease fields in the 2025 replacement system have been assessed to ensure they meet management's requirements.
2024-01 - By-Law Enforcement Audit	City Council request that the Director, Enforcement & By-Law Services work with IT to ensure add-on service requests are clearly identified and actioned timely.	1.1 Management will implement reporting and clean-up of open service requests with additional information.	The Add-on Request Report has been implemented; however, evidence was not provided to confirm that oversight and follow-up actions are being carried out.
		1.3 Manager, Property Standards will review task lists of past staff to ensure files were reassigned or closed as required by end Q3 2024.	The task reassignment process has been initiated; however, evidence was not provided to confirm that all open cases assigned to inactive staff have been reassigned.
	City Council request that the Director, Enforcement & By-Law Services develop a consistent approach in reviewing dated open service requests	2.3 Management will conduct a phased review and resolution of open service requests, beginning with pre-2015 cases.	As of April 1, 2025, 67% of previously identified open service requests remained unresolved, including 79% of pre-2015 cases.

A detailed list of MAPs assessed as **Not Fully Implemented**, including management's comments is included in **Appendix 2**.

A list of MAPs assessed as **Fully Implemented** is provided in **Appendix 3**

Internal Audit Team

Claire Mu	Director, Internal Audit
Balqees Omotosho	Senior Advisor, IT Audit
Richard Gervais	Senior Advisor, IT Audit
Varun Iyer	Lead Internal Auditor
Anand Heeraman	Lead Internal Auditor

Criteria for Assigning Ratings to Audit Findings

Priority Rating	Description
Priority 1 (P1)	<p>One or more of the following conditions exist that require immediate attention of the Senior Leadership Team. Corrective actions by Senior Management must be implemented.</p> <ul style="list-style-type: none"> Financial impact of both actual and potential losses is material Management's actions, or lack thereof, have resulted in the compromise of a key process or control, which requires immediate significant efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks. Failure by Management to remedy such deficiencies on a timely basis will result in the City being exposed to immediate risk and/or financial loss One more of the following conditions is true: i) management failed to identify key risks, ii) management failed to implement process and controls to mitigate key risks Management's actions, or lack thereof, have resulted in a key initiative to be significantly impacted or delayed, and the financial support for such initiative will likely be compromised Management failed to implement effective control environment or provide adequate oversight, resulting in a negative pervasive impact on the City or potential fraudulent acts by City staff Fraud by Management or staff, as defined by the <i>Corporate Fraud Prevention Policy</i> (Policy 2.14)
Priority 2 (P2)	<p>One or more of the following conditions exist that require attention by Senior Management. Corrective actions by Management should be implemented.</p> <ul style="list-style-type: none"> Financial impact of both actual and potential losses is significant Management's actions, or lack thereof, may result in a key process or control to be compromised, which requires considerable efforts and/or resources (including time, financial commitments etc.) to mitigate associated risks Management correctly identified key risks and have implemented processes and controls to mitigate such risks, however, one or more of the following is true: i) the processes and controls are not appropriate or adequate in design, ii) the processes and controls are not operating effectively on a consistent basis Management's actions, or lack thereof, have impacted or delayed a key initiative, and the funding for such initiative may be compromised Management failed to provide effective control environment or oversight on a consistent basis, resulting in a negative impact on the respective division, or other departments Management failed to comply with Council-approved policies, by-laws, regulatory requirements, etc., which may result in penalties Management failed to identify or remedy key control deficiencies that may impact the effectiveness of anti-fraud programs

Priority 3 (P3)	<p>One or more of the following conditions exist that require attention by Management. Corrective actions by Management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is insignificant • A non-key process or control, if compromised, may require some efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks • Processes and controls to mitigate risks are in place; however, opportunities exist to further enhance the effectiveness or efficiency of such processes and controls. Management oversight exists to ensure key processes and controls are operating effectively • Minimal risk of non-compliance to Council-approved policies, by-laws, regulatory requirements, etc. • Low impact to the City's strategic or key initiative • Low impact to the City's operations
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Appendix 2

MANAGEMENT ACTION PLANS ASSESSED AS NOT FULLY IMPLEMENTED AND MANAGEMENT'S COMMENTS		
Audit Title: 2023-03 - Fleet Maintenance Audit		
Finding Title: Preventative Maintenance schedule is not based on the Manufacturers' recommendations and maintenance is not always completed within the required intervals.		Priority Rating P1¹
Recommendation #2²	City Council request that the Director, Road Maintenance, Operations and Fleet ensure that staff optimize the effectiveness of current intervals by taking into consideration the manufacturers' recommended service intervals and that the revised Preventative Maintenance program is followed.	
MAP 2.1²	We conduct current vehicle and equipment maintenance based on internal intervals established through user group operations. COB recommendations supersede as COB intervals reflect known issues of vehicles and equipment.	
Validation Result	<p>The Management Action Plan (MAP) requires further work to achieve full implementation. While management has taken steps in response to the recommendation, the intended outcomes, particularly consistent adherence to Preventative Maintenance (PM) schedules, have not yet been fully realized.</p> <p>Preventative Maintenance (PM) schedules were revised to better align with manufacturer specifications. Additionally, new dashboards were implemented within the fleet maintenance system (M5), including a dedicated overdue PM dashboard designed to monitor vehicles with outstanding maintenance.</p> <p>Management also reported that, despite these improvements, ensuring operators bring vehicles in for scheduled service continues to be a challenge. To address this, the fleet maintenance team sends reminder emails to user groups as part of its escalation process for overdue PMs.</p> <p>Internal Audit's review of 310 PM intervals during the 2024–2025 period revealed inconsistencies in adherence to the recommended maintenance standards.</p>	

¹ This priority rating applies the original audit finding, not the validation result

² These reference numbers are from the original audit report

Appendix 2

	<p>Key findings include:</p> <ul style="list-style-type: none">• 23.9% of PM intervals exceeded either the 365-day or 10,000 KM threshold.• 1.9% of PM intervals surpassed both thresholds. <table><tr><th colspan="3">Summary Table for Validation Exercise</th><th colspan="3">Summary Table from Prior Audit</th></tr><tr><th colspan="3">Preventative Maintenance Intervals (2024 - 2025)</th><th colspan="3">Preventative Maintenance Intervals (2021 - 2023)</th></tr><tr><th>Days between Inspections</th><th>#</th><th>%</th><th>Days between Inspections</th><th>#</th><th>%</th></tr><tr><td>365 days or less</td><td>276</td><td>89.0</td><td>365 days or less</td><td>1084</td><td>83.0</td></tr><tr><td>366 - 400 days</td><td>26</td><td>8.4</td><td>365 days - 400 days</td><td>174</td><td>13.3</td></tr><tr><td>401 - 425 days</td><td>3</td><td>1.0</td><td>400 days - 425 days</td><td>34</td><td>2.6</td></tr><tr><td>Over 425 days</td><td>5</td><td>1.6</td><td>Over 425 days</td><td>14</td><td>1.1</td></tr><tr><td>Total</td><td>310</td><td>100</td><td>Total</td><td>1306</td><td>100</td></tr><tr><td colspan="3"> </td><td colspan="3"> </td></tr><tr><th colspan="3">KM between Inspections</th><th colspan="3">KM between Inspections</th></tr><tr><td>10,000KM or less</td><td>216</td><td>69.7</td><td>10,000KM or less</td><td>1066</td><td>81.6</td></tr><tr><td>10,001KM to 13,000KM</td><td>24</td><td>7.7</td><td>10,000KM to 13,000KM</td><td>147</td><td>11.3</td></tr><tr><td>13,001KM to 16,000KM</td><td>10</td><td>3.2</td><td>13,000KM to 16,000KM</td><td>43</td><td>3.3</td></tr><tr><td>16,001KM to 20,000KM</td><td>6</td><td>1.9</td><td>16,000KM to 20,000KM</td><td>18</td><td>1.4</td></tr><tr><td>Over 20,000KM</td><td>6</td><td>1.9</td><td>Over 20,000KM</td><td>32</td><td>2.5</td></tr><tr><td>Invalid KM data (Negative KM btw PMs : 6 Intervals) or 0 KM btw PMs : 42 Intervals)</td><td>48</td><td>15.5</td><td>Total</td><td>1306</td><td>100</td></tr><tr><td>Total</td><td>310</td><td>100</td><td colspan="3"> </td></tr><tr><td colspan="3"> </td><td colspan="3"> </td></tr><tr><td>Over 365 days or 10,000KM</td><td>74</td><td>23.9</td><td>Over 365 days or 10,000KM</td><td>436</td><td>33.4</td></tr><tr><td>Over 365 days and 10,000KM</td><td>6</td><td>1.9</td><td>Over 365 days and 10,000KM</td><td>26</td><td>2.0</td></tr></table>	Summary Table for Validation Exercise			Summary Table from Prior Audit			Preventative Maintenance Intervals (2024 - 2025)			Preventative Maintenance Intervals (2021 - 2023)			Days between Inspections	#	%	Days between Inspections	#	%	365 days or less	276	89.0	365 days or less	1084	83.0	366 - 400 days	26	8.4	365 days - 400 days	174	13.3	401 - 425 days	3	1.0	400 days - 425 days	34	2.6	Over 425 days	5	1.6	Over 425 days	14	1.1	Total	310	100	Total	1306	100							KM between Inspections			KM between Inspections			10,000KM or less	216	69.7	10,000KM or less	1066	81.6	10,001KM to 13,000KM	24	7.7	10,000KM to 13,000KM	147	11.3	13,001KM to 16,000KM	10	3.2	13,000KM to 16,000KM	43	3.3	16,001KM to 20,000KM	6	1.9	16,000KM to 20,000KM	18	1.4	Over 20,000KM	6	1.9	Over 20,000KM	32	2.5	Invalid KM data (Negative KM btw PMs : 6 Intervals) or 0 KM btw PMs : 42 Intervals)	48	15.5	Total	1306	100	Total	310	100										Over 365 days or 10,000KM	74	23.9	Over 365 days or 10,000KM	436	33.4	Over 365 days and 10,000KM	6	1.9	Over 365 days and 10,000KM	26	2.0
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Management’s Response	<p>The Fleet Maintenance team is working with the Automatic Vehicle Location (AVL)/Global Positioning System (GPS) and the Business Systems teams to develop a solution for accurately extracting vehicle mileage, which will help address issues with Preventative Maintenance (PM) intervals. A small pilot will be launched with the GPS vendor to test mileage extraction. Once the pilot is completed, the goal is to launch it on all City of Brampton (COB) Fleet. Fleet has also identified that the Preventative Maintenance job code was not consistently used which resulted in the data showing misaligned PM intervals. To address this, Fleet will be holding in-depth M5 training during the week of June 9, 2025. This training will ensure maintenance staff are well trained on how to use the Asset Management System (M5).</p>																																																																																																																								

Appendix 2

Finding Title: Vehicle mileage is not always updated.		Priority Rating	P1 ¹
Recommendation #3 ²	City Council requests that the Director, Road Maintenance, Operations and Fleet take steps to ensure that vehicle mileage maintained in M5 is current and accurate.		
MAP 3.1 ²	Forepersons as well as the Supervisor will actively review to ensure the correct kilometers/mileage (KMs) are recorded during the WO repair process. When the vehicles come in we will repair inoperative VDU’s when parts are available.		
Validation Result	<p>While management has taken steps toward implementing the Management Action Plan, including compiling a list of defective Vehicle Data Units (VDUs), initiating replacements during scheduled service visits, and procuring new units, the MAP has not yet been fully implemented. As of the review date, 80 of the 154 defective VDUs identified during the audit had been repaired. Additionally, a quality control process has been introduced to flag inoperative units, supported by staff communication and the use of a formal inspection template.</p> <p>However, analysis of Preventative Maintenance (PM) data between January 2024 and February 2025 reveals that 48 out of 310 PM intervals (15.5%) still recorded mileage entries that were either unchanged or lower than previous values, indicating ongoing inconsistencies in mileage accuracy. This suggests that further work is needed to ensure mileage data in M5 is current and accurate across the fleet.</p>		
Management’s Response	The Fleet Maintenance team has implemented a quality control inspection for all units returning to service, ensuring that all VDUs are functioning as intended. The team is also working with the Automatic Vehicle Location (AVL)/Global Positioning System (GPS) and the Business Systems teams to identify a solution for accurately extracting vehicle mileage through GPS telematics and importing it into the M5 asset management system.		

Appendix 2

Audit Title: 2022-12 - User Fees Audit		
Finding Title: The City does not have a comprehensive user fee framework		Priority Rating
		Not rated
Recommendation #1²	<p>City Council requests the Chief Administrative Officer to ensure that staff implement a comprehensive user fee framework that requires a consistent approach for establishing user fees across City Programs and Local Boards, and such policy shall:</p> <ul style="list-style-type: none"> a) Be designed to improve consistency, transparency, efficiency, and accountability in establishing and managing user fees, b) Promote recovery of the full cost of services for which user fees are charged, to the extent that there is no conflict with the City's policy objectives and priorities, and c) Require ongoing review of user fees to ensure that they are adjusted to reflect changes in the cost of delivering services, changes in service levels, as well as the continued relevance of policy objectives and actual outcomes. 	
MAP 1.1²	<p>The Chief Administrative Officer (CAO) will develop a user fee framework, in consultation with Finance and user fee program areas.</p> <p>In addition, each program area will develop a program-specific user fee policy, as part of its comprehensive user fee study with the following proposed timeline:</p> <ul style="list-style-type: none"> 1.Recreation – Q4 2024 2.Planning – June 2024 3.Fire & Emergency Services – June 2024 4.Parks – Q4 2024 <p>The CAO will determine the feasibility and timeline of rolling out the user fee policy implementation to other City user fee areas such as Building, Finance, and City Clerks.</p>	

Appendix 2

Validation Result	<p>Previous Brampton Fire & Emergency Services (BFES) management staff indicated that the Standard Operating Guideline (SOG) for the user fee framework was completed in June 2024. Upon review, Internal Audit noted that the document is still in draft form and pending formal review and approval.</p> <p>The current BFES Management team has since clarified that the framework is part of a broader, evolving initiative. A consultant has been engaged, and work is actively progressing toward finalization and implementation.</p>		
Management’s Response	<p>BFES acknowledges the audit finding regarding the draft status of its User Fee SOG. Since the initial reporting—submitted by a now-retired Division Chief— the City has launched a corporate-wide user fee framework, led by the Office of the CAO, and scheduled for Council review in June of this year.</p> <p>BFES is committed to aligning its SOG with this broader strategy. Once Council endorses the corporate framework, BFES will move forward with finalizing and formally integrating its guidelines.</p> <p>In parallel, a detailed review of Fire Service User Fees is underway, led by Hemson Consulting Ltd. The findings from this review are expected to be presented to Council in Fall 2025 and will further inform the development of BFES’s user fee approach.</p>		
Audit Title: 2022-01 - Procurement and Sole Source Purchasing Audit			
Finding Title: Council Report on Limited Tendering Transactions		Priority Rating	P2 ¹
Recommendation #2 ²	As a best practice, the City should consider lowering the threshold for reporting Limited Tendering procurements to Council.		

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MAP 2.1 ²	A formal review of the City’s Purchasing By-law is anticipated to take place in Q1/2 2023, for which Purchasing will take the opportunity to review reporting thresholds and compare against neighbouring municipalities to determine alignment to potentially implement recommended changes.		
Validation Result	While management has made progress by hiring a Purchasing Director, the audit recommendation to consider lowering reporting thresholds for Limited Tendering procurements has not yet been implemented. The Purchasing By-law has not been formally amended, and there is a lack of supporting evidence that any changes to reporting thresholds have been approved or implemented.		
Management’s Response	Benchmarking has been conducted (Q3 2024) and consideration for potential changes to Limited Tendering Procurement reporting thresholds will be presented to departmental leadership for review and next steps in Q2 2025. The Purchasing By-law is anticipated to be completed Q3 2025.		
Audit Title: 2022-05 - Realty Services (Gap Analysis)			
Finding Title: Integrated Workplace Management System (IWMS)		Priority Rating	Not rated
Recommendation #8 ²	One-time clean-up exercises should be conducted for IWMS to update all fields and reflect the current status of active agreements. System controls should be evaluated to mandate certain fields as critical for any new leases entered. Also, a secondary review should be performed for any lease entered or changes to key fields		

Appendix 2

MAP 8.2²	<p>For a secondary review of details placed in IWMS, the Acting Senior Manager has already initiated a process requiring one staff member to input the details and a senior coordinator to validate the information.</p> <p>Edit rights in IWMS are not available to all realty staff. It's only with specific senior staff.</p> <p>Management will check with IT if they have the ability to add audit trail to IWMS.</p>		
Validation Result	<p>Management has implemented a secondary manual review process to verify the accuracy of lease data entered into the current Integrated Workplace Management System (IWMS). However, sufficient evidence was not available to confirm whether the replacement IWMS scheduled for implementation in 2025 includes input controls for critical data fields related to new lease entries. These controls are essential to ensure the accuracy and completeness of the data.</p>		
Management's Response	<p>With respect to the new Integrated Workplace Management System (IWMS), planned for 2025, Realty Services have taken steps to ensure the critical fields for the new lease entries and input controls have been identified and will be customized accordingly with the IWMS vendor. At present, the vendor's pricing proposal has yet to be approved by the Purchasing Supervisor, therefore the City has not proceeded to the implementation plan with IT. Once the contract has been signed, Realty Services will send the documents to support the 'System Controls for Mandatory Fields.</p>		
Audit Title: 2024-01- By-Law Enforcement Audit			
Finding Title: Service requests added onto existing requests are not being actioned	<table border="1"> <tr> <td data-bbox="1373 1105 1787 1206">Priority Rating</td><td data-bbox="1787 1105 1940 1206">P1¹</td></tr> </table>	Priority Rating	P1¹
Priority Rating	P1¹		
Recommendation #1²	<p>City Council request that the Director, Enforcement & By-Law Services work with IT to ensure add-on service requests are clearly identified and actioned timely.</p>		

Appendix 2

MAP #1.1²	Manager, Property Standards will work with IT (Amanda Support) to generate a report of all open files where “Additional Information” has been added to an open service request by end of Q4 2024. Those files requiring further investigation will be actioned and those which are complete will be closed as required to facilitate proper Customer Relationship Management Tool (CRM) / Amanda integration and the creation of new files.
Validation Result	<p>Management has implemented a report to track open service requests with “Additional Information” (add-on requests). The report, moved to production in January 2025, includes property details, assigned officer, status, related City of Brampton Incident numbers (COBI#), and the date additional information was received. Management indicated that supervisors are expected to review the report quarterly.</p> <p>However, as at the time of this validation exercise, evidence was not provided to confirm that a supervisory review had occurred. While officers have been reminded to prioritize these requests, there was a lack of evidence demonstrating that the necessary follow-up actions, such as investigation or closure, are consistently taking place.</p> <p>To consider this MAP fully implemented, supervisory reviews should be conducted and documented, and evidence demonstrating that identified add-on requests are being actively addressed should be retained. Based on the current findings, this MAP is assessed as Not Fully Implemented.</p>
Management’s Response	Going forward the reviews and resulting follow up actions including add-on requests will be documented.
MAP #1.3²	Manager, Property Standards will review task lists of past staff to ensure files were reassigned or closed as required by end Q3 2024.

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Validation Result	<p>Discussions with the Manager, Property Standards, indicated the following actions have been taken:</p> <ul style="list-style-type: none"> • Cases previously assigned to recent past employees have been reassigned. • A request has been submitted to IT to run a script that will identify open case files assigned to inactive users for further action. <p>Full implementation of this MAP is contingent on the identification and appropriate reassignment, or closure of all open files associated with inactive staff. As evidence confirming the reassignment of all such files was not available, this MAP is assessed as Not Fully Implemented.</p>		
Management's Response	<p>Management will continue in reviewing and reallocating open cases associated with inactive staff until all cases have been appropriately reassigned.</p>		
Finding Title: A consistent process for reviewing open service requests is not in place			Priority Rating
			P2¹
Recommendation #2²	<p>City Council requests that the Director, Enforcement & By-Law Services develop a consistent approach in reviewing dated open service requests.</p>		
MAP 2.3²	<p>Manager, Property Standards will commence a review of “open” file requests starting with “Pre-2015” time frame then working toward the current year. As recommended, those files required to be closed will be closed and those requiring further work or re-assignment will be actioned. Review anticipated to be completed by end of Q3 2024.</p>		

Appendix 2

Validation Result	<p>We reviewed the 'Open Service Requests' report as of April 1, 2025, to understand the current status of previously identified open requests and assess progress towards their resolution. The data indicates that approximately 67% of the service requests noted as open during the 2024 audit remained unresolved as of April 1, 2025. Notably, 79% of the pre-2015 requests that were identified as open in 2024 were still unresolved at the time of this validation exercise. Based on these findings, this MAP is assessed as Not Fully Implemented.</p> <table><tr><th rowspan="3">Description</th><th colspan="12">Service Request Open as of April 15, 2024</th></tr><tr><th colspan="2">2023</th><th colspan="2">2022</th><th colspan="2">2021</th><th colspan="2">2018-2020</th><th colspan="2">2015-2017</th><th colspan="2">Pre-2015</th><th>Total</th></tr><tr><th>Open</th><th>%</th><th>Open</th><th>%</th><th>Open</th><th>%</th><th>Open</th><th>%</th><th>Open</th><th>%</th><th>Open</th><th>%</th><th>Open</th></tr><tr><td>REFUSE</td><td>177</td><td>4%</td><td>47</td><td>1%</td><td>13</td><td>0.4%</td><td>57</td><td>1%</td><td>8</td><td>0.2%</td><td>21</td><td>1%</td><td>323</td></tr><tr><td>EXCESSIVE GROWTH/WEEDS ON PVT PROP</td><td>199</td><td>5%</td><td>24</td><td>1%</td><td>6</td><td>0.2%</td><td>26</td><td>0.4%</td><td>7</td><td>0.1%</td><td>204</td><td>2%</td><td>466</td></tr><tr><td>P.S. Exterior Offences</td><td>340</td><td>12%</td><td>70</td><td>2%</td><td>63</td><td>3%</td><td>155</td><td>2%</td><td>36</td><td>0.3%</td><td>104</td><td>1%</td><td>768</td></tr><tr><td>Basement Apartments</td><td>407</td><td>29%</td><td>101</td><td>8%</td><td>36</td><td>3%</td><td>238</td><td>5%</td><td>14</td><td>0.4%</td><td>45</td><td>1%</td><td>841</td></tr><tr><td>Garbage Containers</td><td>29</td><td>2%</td><td>12</td><td>1%</td><td>11</td><td>1%</td><td>27</td><td>1%</td><td>1</td><td>0.1%</td><td>0</td><td>0</td><td>80</td></tr><tr><td>Driveway Widening</td><td>233</td><td>37%</td><td>291</td><td>32%</td><td>357</td><td>49%</td><td>546</td><td>34%</td><td>14</td><td>1%</td><td>12</td><td>1%</td><td>1453</td></tr><tr><td>Lodging house</td><td>184</td><td>30%</td><td>25</td><td>5%</td><td>21</td><td>3%</td><td>95</td><td>6%</td><td>4</td><td>1%</td><td>7</td><td>2%</td><td>336</td></tr><tr><td>PS Interior Offences</td><td>37</td><td>12%</td><td>4</td><td>1%</td><td>9</td><td>3%</td><td>20</td><td>3%</td><td>5</td><td>1%</td><td>9</td><td>1%</td><td>84</td></tr><tr><td>Vital Services</td><td>7</td><td>4%</td><td>2</td><td>1%</td><td>1</td><td>1%</td><td>4</td><td>1%</td><td>2</td><td>1%</td><td>6</td><td>1%</td><td>22</td></tr><tr><td>Illegal Operations</td><td>51</td><td>15%</td><td>15</td><td>6%</td><td>10</td><td>5%</td><td>26</td><td>6%</td><td>9</td><td>2%</td><td>28</td><td>3%</td><td>139</td></tr><tr><td>Other</td><td>182</td><td>19%</td><td>86</td><td>8%</td><td>50</td><td>4%</td><td>126</td><td>2%</td><td>33</td><td>1%</td><td>70</td><td>1%</td><td>547</td></tr><tr><td>Total</td><td>1846</td><td>11%</td><td>677</td><td>4%</td><td>577</td><td>4%</td><td>1320</td><td>3%</td><td>133</td><td>0.4%</td><td>506</td><td>1%</td><td>5059</td></tr><tr><td></td><td colspan="13">See below for the status of the 5,059 open service requests as of April 1, 2025</td></tr><tr><td>Open As of April 1, 2025</td><td>731</td><td>40%</td><td>492</td><td>73%</td><td>504</td><td>87%</td><td>1140</td><td>86%</td><td>125</td><td>94%</td><td>401</td><td>79%</td><td>3393</td></tr><tr><td>Closed As of April 1, 2025</td><td>1117</td><td>61%</td><td>185</td><td>27%</td><td>73</td><td>13%</td><td>180</td><td>14%</td><td>7</td><td>5%</td><td>104</td><td>21%</td><td>1666</td></tr></table>	Description	Service Request Open as of April 15, 2024												2023		2022		2021		2018-2020		2015-2017		Pre-2015		Total	Open	%	Open	%	Open	%	Open	%	Open	%	Open	%	Open	REFUSE	177	4%	47	1%	13	0.4%	57	1%	8	0.2%	21	1%	323	EXCESSIVE GROWTH/WEEDS ON PVT PROP	199	5%	24	1%	6	0.2%	26	0.4%	7	0.1%	204	2%	466	P.S. Exterior Offences	340	12%	70	2%	63	3%	155	2%	36	0.3%	104	1%	768	Basement Apartments	407	29%	101	8%	36	3%	238	5%	14	0.4%	45	1%	841	Garbage Containers	29	2%	12	1%	11	1%	27	1%	1	0.1%	0	0	80	Driveway Widening	233	37%	291	32%	357	49%	546	34%	14	1%	12	1%	1453	Lodging house	184	30%	25	5%	21	3%	95	6%	4	1%	7	2%	336	PS Interior Offences	37	12%	4	1%	9	3%	20	3%	5	1%	9	1%	84	Vital Services	7	4%	2	1%	1	1%	4	1%	2	1%	6	1%	22	Illegal Operations	51	15%	15	6%	10	5%	26	6%	9	2%	28	3%	139	Other	182	19%	86	8%	50	4%	126	2%	33	1%	70	1%	547	Total	1846	11%	677	4%	577	4%	1320	3%	133	0.4%	506	1%	5059		See below for the status of the 5,059 open service requests as of April 1, 2025													Open As of April 1, 2025	731	40%	492	73%	504	87%	1140	86%	125	94%	401	79%	3393	Closed As of April 1, 2025	1117	61%	185	27%	73	13%	180	14%	7	5%	104	21%	1666
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Management's Response	<p>A project is currently in progress to review and assess the status of open cases prior to 2015, with the goal of closing cases when appropriate or reassigning them to the relevant officers.</p>																																																																																																																																																																																																																																																									

Appendix 2

Criteria for Assigning Ratings to Audit Findings

Priority Rating	Description
Priority 1 (P1)	<p>One or more of the following conditions exist that require immediate attention of the Senior Leadership Team. Corrective actions by Senior Management must be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is material • Management's actions, or lack thereof, have resulted in the compromise of a key process or control, which requires immediate significant efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks. Failure by Management to remedy such deficiencies on a timely basis will result in the City being exposed to immediate risk and/or financial loss • One more of the following conditions is true: i) management failed to identify key risks, ii) management failed to implement process and controls to mitigate key risks • Management's actions, or lack thereof, have resulted in a key initiative to be significantly impacted or delayed, and the financial support for such initiative will likely be compromised • Management failed to implement effective control environment or provide adequate oversight, resulting in a negative pervasive impact on the City or potential fraudulent acts by City staff • Fraud by Management or staff, as defined by the <i>Corporate Fraud Prevention Policy</i> (Policy 2.14)
Priority 2 (P2)	<p>One or more of the following conditions exist that require attention by Senior Management. Corrective actions by Management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is significant • Management's actions, or lack thereof, may result in a key process or control to be compromised, which requires considerable efforts and/or resources (including time, financial commitments etc.) to mitigate associated risks • Management correctly identified key risks and have implemented processes and controls to mitigate such risks, however, one or more of the following is true: i) the processes and controls are not appropriate or adequate in design, ii) the processes and controls are not operating effectively on a consistent basis • Management's actions, or lack thereof, have impacted or delayed a key initiative, and the funding for such initiative may be compromised • Management failed to provide effective control environment or oversight on a consistent basis, resulting in a negative impact on the respective division, or other departments • Management failed to comply with Council-approved policies, by-laws, regulatory requirements, etc., which may result in penalties • Management failed to identify or remedy key control deficiencies that may impact the effectiveness of anti-fraud programs

Appendix 2

Priority 3 (P3)	<p>One or more of the following conditions exist that require attention by Management. Corrective actions by Management should be implemented.</p> <ul style="list-style-type: none">• Financial impact of both actual and potential losses is insignificant• A non-key process or control, if compromised, may require some efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks• Processes and controls to mitigate risks are in place; however, opportunities exist to further enhance the effectiveness or efficiency of such processes and controls. Management oversight exists to ensure key processes and controls are operating effectively• Minimal risk of non-compliance to Council-approved policies, by-laws, regulatory requirements, etc.• Low impact to the City's strategic or key initiative• Low impact to the City's operations
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Appendix 3

FULLY IMPLEMENTED MANAGEMENT ACTION PLANS

The table below presents the list of Management Action Plans (MAPs) that have been assessed as fully implemented, along with the corresponding audit recommendations they address.

MAP#	Finding Recommendation	Management Action Plan
Audit Title: 2022-13 – Workplace Health & Safety Audit		
1.3	City Council requests that the Chief Administrative Officer, in consultation with the Director, Human Resources, ensure that safety inspections conducted by the Joint Health & Safety Committees are completed consistently in a timely manner.	To improve the timely closure of inspections requiring follow-up, management will include workplace inspection reporting on the department leadership agenda quarterly to address outstanding items. Delays during 2021 and 2022 may have been impacted by COVID-related working conditions.
6.2	City Council requests the Director, Human Resources, to ensure all workplace incidents are entered into the incident reporting database in a timely manner.	Management will reduce the time frame for submitting the Supervisor's report of an employee accident (SREA) to Human Resources from 2 days (48 hours) to 1 day (24 hours) to promote greater emphasis on timely reporting.
Audit Title: 2022-05 – Realty Services (Gap Analysis)		
5.1	<p>Roles and responsibilities for managing the City's property portfolio should be identified and documented.</p> <p>The inventory list should be updated to reflect the current status post recent acquisitions, disposals, or leases.</p> <p>The inventory list, once updated, should be maintained and updated periodically as required based on a defined frequency.</p>	<p>City-owned properties are currently tracked across multiple departments, including Recreation, Parks Planning, Transit, Fire Services, and Facilities, each maintaining its own property listings. Over time, Realty Services has encountered challenges in maintaining a current, accurate, and complete inventory due to decentralized practices. For example, the Recreation team manages space rentals using the Recreation Facilities Rental system and related agreements (Perfect Mind), while the Facilities team oversees rentals through separate facility agreements, supported by their own Facilities Operations and Maintenance (FOM) database.</p> <p>Realty Services primarily manages long-term leases and license agreements and maintains an accurate list of such agreements for the purposes of</p>

Appendix 3

MAP#	Finding Recommendation	Management Action Plan
		<p>renewal or termination. However, the lack of integration across departments has contributed to inconsistencies in the overall property inventory.</p> <p>To address this, management will explore the feasibility of consolidating the City-owned property inventory under the Asset Management function within Facilities, Operations, and Maintenance by Q3 2023.</p>
8.2	<p>One-time clean-up exercises should be conducted for the Integrated Workplace Management System (IWMS) to update all fields and reflect the current status of active agreements.</p> <p>System controls should be evaluated to mandate certain fields as critical for any new leases entered. Also, a secondary review should be performed for any lease entered or changes to key fields</p>	<p>In order to perform a secondary review of details placed in IWMS, the acting senior manager has already initiated a process requiring one staff to input the details and a senior coordinator to validate the information. Further, edit rights in IWMS is not available to all realty staff and it's only with specific senior staff. Management will check with the Information Technology Division (IT) if they could add an audit trail to IWMS.</p>
Audit Title: 2022-12 - User Fees Audit		
1.4	<p>City Council requests the Chief Administrative Officer to ensure that staff implement a comprehensive user fee framework that requires a consistent approach for establishing user fees across City Programs and Local Boards, and such policy shall:</p> <ul style="list-style-type: none"> a) be designed to improve consistency, transparency, efficiency, and accountability in establishing and managing user fees, b) promote recovery of the full cost of services for which user fees are charged, to the extent that there is no conflict with the City's policy objectives and priorities, and c) require ongoing review of user fees to ensure that they are adjusted to reflect changes in the cost of 	<p>The Chief Administrative Officer will develop a user fee framework, in consultation with Finance and user fee program areas.</p> <p>In addition, each program area will develop a program-specific user fee policy, as part of its comprehensive user fee study with the following proposed timeline:</p> <ul style="list-style-type: none"> 1.Recreation – Q4 2024 2.Planning – June 2024 3.Fire & Emergency Services – June 2024 4.Parks – Q4 2024

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MAP#	Finding Recommendation	Management Action Plan
	delivering services, changes in service levels, as well as the continued relevance of policy objectives and actual outcomes.	The CAO will determine the feasibility and timeline of rolling out the user fee policy implementation to other City user fee areas such as Building, Finance, and City Clerk's.
2.3	City Council requests the Chief Administrative Officer to ensure that staff determine the full-service costs for user fee programs as the starting point for setting user fees, and that in doing so, staff consider using the Activity Based Costing principles to calculate full-service cost.	Planning, Building & Growth Management, will put together a roadmap to examine all user fees within the Department with an initial start on Development Services user fees beginning in Q2 2023. Staff will report back to CAO/Council on other elements of the road map.
3.1	City Council requests the Chief Administrative Officer to ensure that staff document the rationale when user fees are not set based on the full-service costs.	Financial Management and Treasury (FMT) will document the rationale for user fees not based on full-service cost as part of the annual budget process.
3.4		Divisions that charge user fees will provide justification and rationale when fees are not based on full-service cost.
4.5	<p>City Council requests the Chief Administrative Officer to ensure that staff conduct and present to City Council a comprehensive user fee study once every four years, and such study should:</p> <ul style="list-style-type: none"> a) identify all existing user fees, b) determine current basis of the fee price, c) determine those fees that should be fully cost-recovered, and the extent to which the full cost is recovered, d) determine those fees that should be exempt from full cost recovery, e) identify additional opportunities for collecting user fees, and 	Planning, Building & Growth Management will implement scheduled comprehensive fee reviews to promote transparency, ensure fees are justifiable to industry, and minimize operational cost impacts to the tax base.

Appendix 3

MAP#	Finding Recommendation	Management Action Plan
	f) assess whether user fee services are delivered economically and efficiently.	
5.2	City Council requests the Chief Administrative Officer to ensure that staff conduct and present to City Council an annual update on user fee, and such updates should include the impact of inflation, other cost increases, adequacy of cost recovery, use of services, and the competitiveness of current rates, and identify additional opportunities to collect new user fees.	Financial Management and Treasury (FMT) will provide an annual update on user fees through the budget process, addressing inflationary impacts, cost recovery adequacy, rate competitiveness, and opportunities for new fees
5.5		In consultation with Finance, Recreation will present information on the 2024 user fee update.
6.1	City Council requests the Chief Administrative Officer to ensure that staff record user fees in specific fee accounts and, where possible, identify the revenue sources and distribute the revenues from the general accounts to specific user fee accounts, to facilitate comprehensive and periodic fee analysis.	Parks will work with finance and accounting services to set up new user fee General Ledger accounts based on dollar value and materiality of revenues recorded under General Recoveries account.
6.5		<p>Accounting Services staff will conduct in-depth analysis of the general recoveries General Ledger accounts and set up new accounts for user fees based on volume and \$ value materiality.</p> <p>Based on preliminary analysis, new accounts for the following user fee transactions are recommended to be set up:</p> <ul style="list-style-type: none"> • Tax Adjustments and Fees (system – TXM) • Roads Operations Permit Fees (system – A2G) • Building and Cemetery Letters of Compliance (system – A2G) • Fire Non-Emergency Charges (system – Corporate AR) <p>These categories alone represent approximately 30% of the overall amount in the main General Recoveries account. These revenues come from various sub-systems and minor configuration changes will be required.</p>

Appendix 3

MAP#	Finding Recommendation	Management Action Plan
7.1	City Council requests the Commissioner of the Planning, Building and Growth Management Department to evaluate the feasibility of raising the development services user fees so that the rates charged by the City are comparable with neighbouring municipalities to improve the cost recovery ratio and reduce the burden on Brampton property taxpayers.	The feasibility of raising fees to rates charged by comparable municipalities will need to be examined within the context of a comprehensive fee review. Fee structures and fee calculation methodologies vary significantly between each municipality as do development activity volumes, staffing size and organizational structure. Setting fees for Brampton's development application review needs to be attuned to the City's specific development context, city building vision, and direction of the Council, in consultation with industry.
Audit Title: 2022-01 – Procurement and Sole Source Purchasing Audit		
1.2	<p>1) Initial procurement approvals should include the estimated amount for contract renewals in addition to the initial contract amount.</p> <p>2) A process should be put in place to ensure approvals are obtained for the cumulative value, including original contract value and any future extensions or renewals.</p> <p>3) System workflow should be defined for all LT procurement approvals.</p>	Purchasing is currently working towards digitizing its current limited tendering approval process, through AgilePoint (with a defined system workflow), for which approvals will be obtained considering the initial contract amount and optional contract renewal amounts to ensure a higher level of approval authority is obtained.
2.2	As a best practice, the City should consider lowering the threshold for reporting Limited Tendering (LT) procurements to the Council. Given the significant financial values, LT contract extensions and renewals should be clearly identified, categorized, summarized and included in the quarterly LT reports to City Council.	Purchasing does provide quarterly updates to Council. Staff will update the quarterly activity report to Council to provide greater clarity on contract extensions and renewals for Limited Tendering contracts.
2.3	Purchasing should define Key Performance Indicators (KPIs) including Non-Competitive to Total Procurement and report to City Council.	Through the office of the CAO (organizational performance team), Purchasing is currently working towards reporting KPIs (through a dashboard) relative to competitive and non-competitive (limited tendering) spend across all City departments for Senior Management (inclusive of the CAO and Council).

Appendix 3

MAP#	Finding Recommendation	Management Action Plan
Audit Title: 2023-03 - Fleet Maintenance Audit		
1.1	City Council request that the Chief Administrative Officer, in consultation with the Director, Road Maintenance, Operations and Fleet, ensure Driver Vehicle Inspection Reports are completed as required to comply with the Ontario Highway Traffic Act and Fleet Maintenance policies.	Fleet Services will actively work with user groups to complete DVIRs. Fleet Services will actively communicate with user groups' management to complete DVIRs, as required by the Ministry of Transportation. As this is a part of the user groups and each individual staff member's responsibility to perform DVIR's, Fleet Services will continue to communicate the expectations of their license to the operating groups.
2.2	City Council request that the Director, Road Maintenance, Operations and Fleet ensure that staff optimize the effectiveness of current intervals by taking into consideration the manufacturers' recommended service intervals and that the revised preventative maintenance program is followed.	Fleet Maintenance will actively communicate with user groups to ensure vehicles are scheduled and dropped off in accordance with the Preventative Maintenance schedule. Unaddressed requests will be escalated to the respective Supervisors and Managers.
3.2	City Council request that the Director, Road Maintenance, Operations and Fleet take steps to ensure that vehicle mileage maintained in M5 is current and accurate.	Fleet Services is proactively working with IT to capture kilometers more efficiently, currently working with IT on a fuel pilot to capture kilometers through our fuel island systems.
4.1	City Council request that the Director, Road Maintenance, Operations and Fleet ensure preventative maintenance inspection forms are completed and on file for all preventative maintenance service.	Fleet Maintenance will ensure Preventative Maintenance (PM) sheets are completed accurately and in a timely manner by working closely with staff to reinforce compliance and documentation practices.
4.2		Fleet Maintenance will require vendors to complete Preventative Maintenance inspection sheets upon completion of work and upload the documents into the M5 system.
5.1	City Council request that the Director, Road Maintenance, Operations and Fleet ensure all warranty information in M5 is accurate and complete.	All vehicle warranties will be entered into the M5 system prior to release to operating groups and reviewed by the Supervisor of Administration. Warranties obtained post-release will be entered into the M5 system by

Appendix 3

MAP#	Finding Recommendation	Management Action Plan
		Parts or Maintenance staff and reviewed by the Supervisor of Maintenance. Mechanical Forepersons will ensure warranties are flagged and followed.
6.1	City Council request that the Director, Road Maintenance, Operations and Fleet ensure all purchasing activities comply with the City’s purchasing By-laws, policies and procedures.	The Maintenance department will conduct a competitive tender process through Purchasing to establish active purchase orders for external maintenance services. Maintenance staff will confirm the absence of a purchase order before proceeding with PCard use.
7.1	City Council request that the Director, Road Maintenance, Operations and Fleet ensure a comprehensive and complete invoice review process is in place.	Forepersons will verify external billing rates before processing invoices through Accounts Payable. A reference document outlining all approved external vendor rates will be created to support this process.
7.2		Once a new Fleet Analyst is hired, Administration will review invoices to assess potential overcharges by vendors.
8.1	City Council request that the Director, Road Maintenance, Operations and Fleet, in consultation with the Director, Facility Operations and Maintenance, ensure access to parts storage rooms are properly restricted.	Fleet Maintenance will work with IT to restrict access to the Stores area.
Audit Title: 2023-02 – Business and Property Taxes Audit		
1.1	City Council requests the Treasurer, in consultation with IT, to expedite the implementation of convenient online enrolment for pre-authorized tax payment plans and eBilling so that these features are available to City of Brampton residents by December 31, 2024.	An interim solution will be implemented to offer convenient online self-service access to property tax bills.
1.2		An interim solution will be implemented to enable online self-service access to Property Tax Payment (PTP) applications.
Audit Title: 2023-04 - Limited Tendering Limited Scope Review		

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MAP#	Finding Recommendation	Management Action Plan
1.1	City Council request that the Chief Administrative Officer ensure that the requirement for disclosing conflicts of interest by both bidders and City staff participating in the purchasing decision is extended to limited tendering procurement and their extensions by April 2024.	Purchasing will implement a conflict-of-interest declaration process for all limited tendering procurements by April 2024. This requirement will apply to both bidders and City staff involved in the decision-making process for limited tendering.
Audit Title: 2023-05 - Asset Management (Small Equipment & Operating Tools) Audit		
1.3	City Council request that the Chief Administrative Officer ensure that staff develop specific policies and procedures for managing the life cycle of small equipment and operating tools, including their planning, acquisition, receipt, tracking of purchases and usage, inventory, storage, maintenance, and disposal, by December 31, 2024, and that such policies and procedures are reviewed and updated regularly.	Fleet Services will develop a Standard Operating Procedure (SOP) regarding the monitoring and procurement of “Fleet Special Tools” used by the Maintenance staff.
1.7		Road Maintenance and Operations Division will review and develop SOP regarding the monitoring and procurement of Roads Maintenance and Operating Tools.
2.1	City Council request the Treasurer to ensure that the accounting treatment for asset capitalization for small equipment and tools is clearly defined, formally documented, and effectively communicated by April 2024.	Management to ensure that the Tangible Capital Asset Accounting Policy and related Standard Operating Procedure (SOP) will be updated to reflect the \$1,000 capitalization threshold. This threshold will be communicated to the relevant City Departments. Even though TCA capitalization thresholds were not originally intended to be used for the purpose of asset planning and inventory control we understand that they can be used as a starting point for these purposes. Actual thresholds for the purpose of asset planning and inventory control are at the discretion of individual City Departments and should be based on their operational needs and risk assessments. They should be documented in their respective Policies and/or SOPs.

Appendix 3

MAP#	Finding Recommendation	Management Action Plan
6.2	<p>City Council request the Chief Administrative Officer to ensure that operating units develop and comply with policies and procedures regarding establishing an inventory for small equipment and operating tools that include but are not limited to the following:</p> <ul style="list-style-type: none"> a. a dollar value threshold for inventorying small equipment and operating tools b. regularly updating the inventory for purchases and disposals c. conducting periodic inventory counts d. criteria for inventory write-off. e. tracking small asset usage among locations. 	Fleet Services will work with IT to review the process of entering Fleet Special Tools into the M5 system. Fleet “Special Tools” entered in M5 will ensure dollar value and location of Fleet Special Tools is captured.
6.5		<p>Parks will maintain the small equipment inventory within the M5 system. Procedures are being put in place to have a pre-season and post-season inventory count Parks-wide.</p> <p>Parks will work with working groups to determine the process to track and maintain the inventory of non-small engine Operating Tools.</p>
6.7		<p>Road Maintenance and Operations Division will conduct annual inventory count on motorized tools only. Obsolete motorized tools will be replaced and disposed of through disposal process.</p> <p>For Inventorying and usage trackage, roads will follow the same process as fleet given that they are under the same umbrella.</p>
7.1		Fleet Services will work with working groups to determine asset ownership. Asset Owners are required to determine proper storage of assets if their assets are not currently procured through Fleet Services.
7.2	<p>City Council requests the Chief Administrative Officer to take steps to improve the security measures surrounding equipment storage sites and ensure that small assets are safely stored between use.</p>	Procedures are being developed to document the sign-in and sign-out process through a formal SOP. Fleet will continue to store Special Tools in a secure area.
7.4		Parks will liaise with Facilities and Security to determine the feasibility of installing further security measures around equipment storage locations.
7.6		Road Operations will continue to store motorized tools in a secure area. The Road Operations team will ensure that the sign-in and sign-out process is documented through a formal SOP.

Appendix 3

MAP#	Finding Recommendation	Management Action Plan
8.1	City Council requests the Chief Administrative Officer to ensure that operating units establish, communicate, and comply with a formalized process for the maintenance, repairs, and disposals of small assets.	Fleet Services will collaborate with the working group to determine asset ownership and explore the establishment of a Small Engines to support maintenance, repair, and disposal. Asset Owners to maintain assets and to conduct proper asset disposal procedures (assets not currently procured through Fleet Services).
8.2		Fleet Services will work with IT to review the process of entering Fleet Special Tools into M5. Fleet “Special Tools” entered into M5 will capture maintenance and disposal details.
8.7		Road Operations will work with IT to review the process for entering motorized tools into M5, ensuring maintenance and disposal details are captured. SOPs for repairs, maintenance, and disposal will be developed using the same approach as Fleet Services.
Audit Title: 2024-01 - By-Law Enforcement Audit		
1.2	City Council request that the Director, Enforcement & By-Law Services work with IT to ensure add-on service requests are clearly identified and actioned timely.	Manager, Property Standards will develop or amend Standard Operating Procedures (SOP) by end of Q2 2024 to ensure Officer tasks lists are reviewed at regular intervals and actioned/closed as required.
2.1	City Council request that the Director, Enforcement & By-Law Services develop a consistent approach in reviewing dated open service requests.	Manager, Property Standards will develop or amend SOP by end Q2 2024 to ensure Officer tasks lists are reviewed at regular intervals and actioned/closed as required.
2.2		Manager, Property Standards will explore with IT (Amanda Support) changes to the default task list display allowing officers enhanced search capability for open files. Manager to engage IT in Q3 2024 to discuss options.
2.4		Manager, Property Standards to engage with IT (Amanda Support) in Q3 of 2024 to review options for an automated search that cross references

Appendix 3

MAP#	Finding Recommendation	Management Action Plan
		“open” basement apartment files with properties that have successfully obtained Building permits. This will allow for expedited closure of files no longer requiring enforcement action.
3.1	City Council request that the Director, Enforcement & By-Law Services ensure that service requests are not assigned to officers on extended leaves of absence.	Manager, Property Standards will develop or amend the SOP by the end of Q2 2024 to ensure Officer assignments are suspended during extended periods of absence.
5.1	City Council request that the Director, Enforcement & By-Law Services ensure that the costs incurred by the City to clean up private properties is fully recovered from the property owner through property tax.	Manager, Property Standards will develop a reconciliation process in consultation with the Tax Department to ensure services are added to the tax roll where remedial work was performed because of non-compliance. A review of current practice and amendments will be completed by end of Q3 2024
7.2	City Council request that the Director, Corporate Support Services, ensure that the appropriate sub-code is assigned to exterior property service requests.	Manager, Service Experience & Quality and the Manager, Operations, Service Brampton, will communicate and provide refresher training to Service Brampton frontline staff for future accuracies.
7.4		Manager, Operations, Service Brampton and the Manager, Service Experience & Quality in consultation with the Manager, Property Standards will continue adding inaccuracies to the Business Partner feedback log for coach backs, training, and analytics. This process is ongoing.



Report
Staff Report
 The Corporation of the City of Brampton
 6/10/2025

Date: 2025-05-30

Subject: **2025 Internal Audit Work Plan Status Update**

Contact: Claire (Fang) Mu, Director, Internal Audit

Report number: CAO's Office-2025-492

RECOMMENDATIONS:

1. That the report titled: **2025 Internal Audit Work Plan Status Update** to the Audit Committee Meeting of June 10, 2025, be received.

OVERVIEW:

- To provide an update regarding the Internal Audit Work Plan and progress against the plan, as set out in Appendix I.

Background:

The Director of Internal Audit submits a risk-based Internal Audit Work Plan to the Audit Committee for review and approval at least annually. The Work Plan sets out the priorities for Internal Audit and lists all engagements to be performed in the current year.

As set out in the Internal Audit Charter, the Director of Internal Audit is required to report periodically to the Audit Committee regarding the Internal Audit Work Plan and progress against the plan. The Director is also responsible for communicating the impact of resource limitations on the Work Plan, adjustments, and significant changes to the Work Plan.

The current 2025 Internal Audit Work Plan was presented to the Audit Committee at its February 24, 2025 meeting.

Current Situation:

Internal Audit Work Plan Report

The progress to plan update and audit schedule is set out in Appendix I.

Risk Summary:

Risk Area	Comments
Work Plan	The work plan is currently on track. No adjustments have been identified at this time. The work plan may be impacted by the following risk factors (Risk Assessment Request For Proposal and Library Cyber Security Audit).
Risk Assessment Request for Proposal	As of May 27, 2025, the City is prepared to award the contract to perform the Internal Audit Risk Assessment. Additional time was required to thoroughly assess the bids and finalize the award, resulting in a delay to the original timeline. Barring any unforeseen developments, work is now expected to commence by late June or early July.
Library Cyber Security Audit	The Library Cyber Security Audit is currently behind schedule due to delays in securing funding, which was only confirmed in early May. Audit staff are now gathering information on the Library's IT environment and will work with Purchasing to engage an external vendor. Depending on how quickly a consultant can be secured, the audit is expected to begin as early as July or as late as September. The final report is anticipated to be issued in either December 2025 or February 2026.
External Quality Assessment	<p>In accordance with Brampton's Audit Charter, the City's Internal Audit function will undergo an External Quality Assessment (EQA) in alignment with the updated 2024 IIA Global Internal Audit Standards. The Audit Committee has approved a Self-Assessment with Independent Validation (SAIV) format for the review.</p> <p>The SAIV process will begin in June 2025, with Internal Audit completing the required documentation for review by an independent quality assessor from the Institute of Internal Auditors (IIA). The EQA will evaluate Internal Audit's governance and operational practices and include interviews with selected City stakeholders conducted by the IIA assessor.</p> <p>The assessment is expected to be completed by August 2025, with results to be presented directly to the Audit Committee at its Q3 meeting on October 7, 2025, in accordance with the updated standards.</p>

Strategic Focus Area:

Government and Leadership: Focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability and transparency.

Conclusion:

Internal Audit will continue to monitor and report on the status of the Internal Audit Work Plan at Audit Committee meetings, with the intention of ensuring that risks to the Internal Audit Work Plan are identified, managed, and reported.

Authored by:

Reviewed by:

Rachel Coulter,
Advisor, Research, Administrative
Services and Special Projects

Claire (Fang) Mu, Director
Internal Audit

Attachments:

- Appendix 1 – 2025 Audit Work Plan Status Update

Appendix 1: 2025 Audit Work Plan Status Update

Engagements	Scope of work	Plan Status
Management Action Plans Follow-up Project - Operational Audits	This project will be a comprehensive review of management action plans from previous operational audits that have not yet been implemented. The project will assess if corrective actions to address the audit findings have been effectively implemented.	Complete June 10, 2025 Audit Committee
Fuel Management	This audit will review the process for managing and monitoring fuel consumption by city vehicles including distribution of gas cards, fueling procedures, monitoring and approving transactions, fraud detection, and contracts.	Complete June 10, 2025 Audit Committee
Fleet Asset Management	This audit will review controls in place around vehicle acquisitions, disposals, utilization, and replacements. The review will assess compliance with relevant policies and procedures.	Complete June 10, 2025 Audit Committee
Transit - Revenue	This audit will review the process for charging, collecting, and processing transit revenue on presto cards, including fraudulent transactions and fare evasion.	Planned for Q4
Driver Certification Program - Fleet & Fire	This audit is required by the Ministry of Transportation of Ontario (MTO) every 3 years. The review will assess if Fleet and Fire are certifying drivers properly and if their practices align with MTO requirements.	Complete June 10, 2025 Audit Committee
Driver Certification Program - Transit	This audit is required by the Ministry of Transportation of Ontario (MTO) every 3 years. The review will assess if Transit is certifying drivers properly and if its practices align with MTO requirements.	Complete June 10, 2025 Audit Committee

Engagements	Scope of work	Plan Status
Management Action Plans Follow-up Project - Cybersecurity / IT Audits	This project will be a comprehensive review of management action plans from previous IT and Cybersecurity audits that have not yet been implemented. The purpose is to assess if corrective actions to address the audit findings have been effectively implemented.	Planned for Q4
Library Cyber Security	This audit will provide an independent review of Brampton Public Library's Information Technology (IT) systems to assess if assets are adequately protected from external and internal cyber threats. The engagement will focus on testing cyber security controls to ensure their functionality and effectiveness.	Planned for Q4 2025 / Q1 2026



Report
Staff Report
 The Corporation of the City of Brampton
 6/10/2025

Date: 2025-05-30

Subject: **Corporate Ethics Hotline Quarterly Report – Q2 2025**

Contact: Claire (Fang) Mu, Director, Internal Audit

Report number: CAO's Office-2025-490

RECOMMENDATIONS:

1. That the report titled: **Corporate Ethics Hotline Quarterly Report – Q2 2025**, to the Audit Committee meeting of June 10, 2025, be received.

OVERVIEW:

- Five new cases have been reported since the last update to the Audit Committee.
- Currently, all five cases remain open and active.
- All previous cases have been resolved.

BACKGROUND:

As part of the City of Brampton's ("the City") commitment to protecting its assets, a Framework to prevent, detect, and report fraud incidents and investigate any suspected acts of fraud was established. On July 4, 2016, the City launched the Corporate Fraud Prevention Hotline ("Fraud Hotline"), which allows City employees to report alleged incidents of fraud. The Fraud Hotline was renamed to "Ethics Hotline" in 2023.

The City provided resources, at about \$16,500 a year, to contract out the Ethics Hotline intake services to a third party. The Ethics Hotline intake service enables employees to report incidents of suspected violations of ethics and the Code of Conduct, waste, and fraud, anonymously and confidentially, 24 hours a day, seven days a week. Employees can submit a report through a secure third-party website or the telephone through a third-party dedicated toll-free number. Internal Audit staff reports on Ethics Hotline activities quarterly to the Audit Committee.

Staffing Constraint

Internal Audit is currently not resourced to effectively manage the City's Ethics Hotline. The City has allocated only \$16,500 to cover third-party intake services, which are limited to capturing and logging allegations submitted by staff and notifying Internal Audit. These services do not include any follow-up, triaging, or investigative work. As a result, the hotline is monitored on a best-effort basis by existing staff, and no awareness campaign has been conducted for City employees in the past five years.

In the 2023, 2024, and 2025 budget submissions, Internal Audit requested additional resources to support the preliminary assessment, triaging, and investigation of hotline allegations. A 2024 gap assessment conducted by the Institute of Internal Auditors (IIA) also emphasized the need for Internal Audit to strengthen its evaluation of fraud risks and to integrate fraud risk assessments into individual audit engagements.

To address this gap, during the 2025 budget cycle, Internal Audit requested funding for an additional Lead Internal Auditor position, with 0.2 FTE specifically allocated to managing the Ethics Hotline. However, these resource requests were not approved.

CURRENT SITUATION:

The Internal Audit Ethics Hotline status report to the Audit Committee includes statistics on the number and types of reports received. The nature of these reports is sensitive. Therefore, we have omitted information that could identify individuals from this report to protect the named individuals' privacy and maintain the reporters' anonymity.

The Ethics Hotline received five new reports since our last update to the Audit Committee.

Case No	Category	Investigated?	Disposition?	Status
10-8438432	Conflict of Interest	Initial Assessment Stage	In Progress	Open
10-6980787	Unethical Conduct	Initial Assessment Stage	In Progress	Open
10-7757318	Unethical Conduct	Initial Assessment Stage	In Progress	Open
10-8139702	Unethical Conduct	Initial Assessment Stage	In Progress	Open
10-1114462	Unethical Conduct	Initial Assessment Stage	In Progress	Open

CORPORATE IMPLICATIONS:Financial Implications:

There is no financial implication associated with this updated report.

STRATEGIC FOCUS AREA:

Government & Leadership: Focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability, and transparency.

CONCLUSION:

The Ethics Hotline enhances and strengthens the City's governance structure. It reinforces the Council's expectations regarding rules of behaviour and emphasizes the City's values. Internal Audit will update the Audit Committee on complaints received through the Ethics Hotline or referred to Internal Audit and any related ongoing and completed investigations.

Authored by:**Reviewed by:**

Richard Gervais
 Senior Advisor, IT Audit, Internal Audit

Claire (Fang) Mu
 Director, Internal Audit

Attachments: n/a



Report
Staff Report
 The Corporation of the City of Brampton
 6/10/2025

Date: 2025-05-09

Subject: **2024 Audited Consolidated Financial Statements for the City of Brampton**

Contact: Maja Kuzmanov, Senior Manager Accounting Services/Deputy Treasurer

Report number: Corporate Support Services-2025-409

RECOMMENDATIONS:

1. That the report from Maja Kuzmanov, Senior Manager Accounting Services/Deputy Treasurer to the Audit Committee Meeting of June 10, 2025, re: **2024 Audited Consolidated Financial Statements for the City of Brampton**, be received;
2. That 2024 Audited Consolidated Financial Statements for the City of Brampton, be approved.

OVERVIEW:

- The 2024 Audited Consolidated Financial Statements from the City Auditor KPMG LLP Chartered Accountants are being presented to the Audit Committee for approval.
- The consolidated financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards (PSAS). There are three new standards (PS 3160, 3400, and Public Sector Guideline 8) that are effective for City's consolidated financial statements for the fiscal year ending December 31, 2024.
- These consolidated financial statements reflect the financial position as at December 31, 2024 and the operating results for the year for the City, its Local Boards and Committees of Council including The Brampton Public Library Board and the Downtown Brampton Business Improvement Area.

- **The financial reporting standards do not change the City's budgeting process, how the tax levy is calculated or how funding decisions are made by Council.**
- **A reconciliation of the operating results for tax levy purposes and PSAS adjusted consolidated financial statements is provided in Schedule A of this report.**
- **As part of the annual audit, the City Auditor, KPMG_{LLP} Chartered Accountants, conducted a review of Internal Controls and provides an Audit Findings Report to the Audit Committee.**
- **KPMG_{LLP} did not identify any process improvement areas or control deficiencies.**
- **KPMG_{LLP} did not identify any corrected or uncorrected misstatements.**

BACKGROUND:

The audit of the 2024 Consolidated Financial Statements by the City Auditor, KPMG_{LLP} Chartered Accountants is complete and the statements are attached to this report (Appendix A – The Corporation of the City of Brampton; Appendix B – Trust Funds). The work KPMG_{LLP} performed is conducted in accordance with Canadian Generally Accepted Auditing Standards (GAAP) and relevant ethical requirements, including those pertaining to independence. The work is also planned and performed to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error.

The 2024 Audited Consolidated Financial Statements for the City of Brampton reflect the financial position as at December 31, 2024 and the results of operations for the year for the City and its Local Boards and Committees of Council. The following Local Boards and Committees of Council which are included in these consolidated financial statements are accountable for the administration of their financial affairs and resources to the City and are owned or controlled by the City:

- The Brampton Public Library Board
- Downtown Brampton Business Improvement Area (DBBIA)

The consolidated financial statements for the 2024 fiscal year have been prepared in compliance with the requirements of the Public Sector Accounting Standards (PSAS). The consolidated financial statements are presented to the Audit Committee for review and approval, which are part of the key statutory functions of the Audit Committee.

CURRENT SITUATION:

Audit Results

KPMG_{LLP} audited the consolidated financial statements of the City for the fiscal year 2024. These consolidated financial statements are the responsibility of the City's management. The audit resulted in KPMG_{LLP} issuing an unqualified audit opinion, which means that the consolidated financial statements present fairly the financial position and comply with PSAS.

Report Summary

The consolidated financial statements presented in this report comprise the following statements:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Cash Flows
- Consolidated Statement of Change in Net Financial Assets, and
- Notes to the Consolidated Financial Statements

The consolidated financial statements provide information on the City's financial position including the value of assets and liabilities, cost of delivering the City's municipal services and investment in capital projects, financing sources and investing activities.

The City of Brampton's consolidated financial statements are prepared in accordance with PSAS.

There are five new standards that are effective for City's consolidated financial statements for the fiscal year ending December 31, 2024:

- PS 3160 'Public Private Partnership'
- PS 3400 'Revenue'
- Public Sector Guideline 8 'Purchased Intangibles'

PSAS requires full accrual basis of accounting and financial reporting. This provides for inclusion of certain items such as amortization of tangible capital assets and tangible capital assets contributed to the City through the subdivision assumption process.

The City uses a full accrual basis budgeting methodology. This methodology does not change how the tax levy is calculated, or how funding decisions are made by City Council. The 2024 Audited Consolidated Financial Statements reflects full accrual budget figures for comparison purposes.

Appendix C shows the 2024 fiscal year tax-based operating results versus that of the PSAS based financial reporting.

New PSAS Standards

There are three new standards that are effective for City's consolidated financial statements for the fiscal year ending December 31, 2024:

- PS 3160, Public Private Partnerships ("P3"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The City adopted the standard prospectively. The implementation of this new standard did not result in identification of transactions that would meet the definition of P3.
- PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. Specifically, it differentiates between revenue arising from transactions that include performance obligations and those that do not. The City adopted the standard prospectively. The implementation of this new standard did not have an impact on the amounts presented in the financial statements.
- Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. The City adopted the standard prospectively. The implementation of this new standard did not result in identification of assets that would meet the definition of purchased intangibles.

Highlights of 2024 Consolidated Financial Statements:

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position provides information on the financial assets, liabilities and accumulated surplus. Two key components make up accumulated surplus: net financial assets and non-financial assets (tangible capital assets, inventory and prepaid expenses).

- "Net Financial Assets" is the net of assets (cash, investments, receivables and other assets) minus liabilities (accounts payable, capital lease obligation, deferred revenues and employee benefits and other liabilities) generated from the City's operations, activities of capital projects and Reserves and Reserve Funds. This value serves as a key indicator of the City's ability to manage its cash resources to meet its financial obligations. The City's 2024 net financial assets had a balance of \$194 million (2023 - \$280 million), a decrease of \$86 million from 2023.
- "Non-Financial Assets" primarily consists of the City's investment in tangible capital assets of \$4.5 billion (2023 - \$4.3 billion). An increase in tangible capital assets is

attributable to the combination of assets constructed by the City and brought into service and assets contributed to the City through the subdivision assumption process. Increase in tangible capital assets reflect the City as a growth municipality.

The accumulated surplus (retained earnings) as at December 31, 2024 is \$4.7 billion (2023 - \$4.6 billion), an increase of \$114 million.

Key items to note:

- **Increase in cash, short-term and**
 - Cash and short-term investments increased from \$181 million in 2023 to \$294 million in 2024. The increase is driven by the strategy to increase the allocation to short-term investment for liquidity purpose.
- **Decrease in long-term investment balances**
 - City reduced the allocation to longer-term investments to ensure higher liquidity in the backdrop of increasing Tax receivable balance and planned higher capital expenditures. As a result, long-term investments decreased from \$1,059 million in 2023 to \$944 million in 2024.
- **Increase in Taxes Receivable**
 - Taxes receivable increased from \$108 million in 2023 to \$148 million in 2024. It is likely that continuous high inflation and interest rates experienced throughout 2024 caused pressure on homeowners' budgets.
- **City Hall West Tower Capital Lease Obligation**
 - In 2014, the City entered into a capital lease arrangement for City Hall West Tower. The lease value has been recorded in the City's consolidated financial statements as a tangible capital asset (TCA) with a corresponding capital lease obligation with remaining balance of \$74 million as at December 31, 2024.
- **Deferred Revenue - Obligatory Reserve Funds**
 - Any unspent development charges (DCs), gas tax funds and other obligatory reserves at the end of the fiscal year are recorded as deferred revenue. Deferred revenue increased by \$72 million from \$696 in 2023 to

\$768 in 2024 caused by increase in capital project spending as well as decrease in obligatory reserve receipts.

- **Employee Benefits and Other Liabilities**

- Employee benefits and other liabilities increased from \$129 million in 2023 to \$140 million in 2024 mainly due to increase in actuarial valuations for vested sick leave, WSIB liability and early retirement liability.

- **Long-term Liabilities**

- In 2019 and 2021 the City acquired long-term sinking fund debt managed and issued by the Region of Peel. The City has the responsibility for the annual contribution towards sinking funds that would be used to extinguish the debt at maturity. As at December 31, 2024 unsecured debenture net of sinking fund deposits was \$38 million (2023 - \$40 million).

- **Net Book Value of Tangible Capital Assets**

- An increase of \$198 million due to the infrastructure assets assumed from developers through subdivision agreements, property acquisitions, purchase of transit buses, road construction activities as well as facility construction.

The Net Financial Assets position continues to be in a strong, positive position, which signifies that the City is fully able to meet its financial obligations.

Consolidated Statement of Operations and Accumulated Surplus

The Consolidated Statement of Operations and Accumulated Surplus presents the sources and uses of City's operating financial resources recognized in the reporting period.

Accumulated Surplus represents the City's equity (equivalent to retained earnings of a private business). 95% of the City's Accumulated Surplus represents the City's investment (net book value) in tangible capital assets required to deliver municipal services. The remainder of the Accumulated Surplus consists of funds committed for capital projects, reserves and reserve funds. Most of Accumulated Surplus is therefore not available to be used to moderate the annual tax levy since it would require selling City assets that are used to deliver municipal services.

The 2024 Annual Surplus was \$30 million lower than in 2023. Following is the analysis of revenue and expense variances contribution to Annual Surplus.

Revenues:

Total revenues in 2024 were \$48 million higher than 2023 increasing from \$1,134 million to \$1,182 million. Major factors contributing to this increase include:

- \$29 million increase in User Charges primarily in Transit and Recreation divisions. Transit realized an increase in its fare payment revenue of \$13 million in comparison to 2023 actuals. This is due to the continuous increase in ridership. Recreation revenues increased by \$8 million including increases in program registration, lessons swim/skate, ice and facility rentals as well as yearly fitness passes revenues.
- \$34 million increase in Property Taxation and Taxation from Other Governments
- Higher number of subdivisions assumed from developers resulted in a \$35 million increase in the Developer contributed tangible capital assets
- \$7 million increase in property tax penalties and interest

Revenue increases were partially offset by:

- \$59 million decrease in Development Levies Earned and Other Restricted Capital Contributions

Expenses:

Total operating expenses in 2024 were \$79 million higher than 2023, increasing from \$990 million to \$1,069 million. Included in this is a \$1 million increase in amortization expense representing the value of tangible capital assets that were consumed during the year. The amortization expense increased due to the \$282 million in new tangible capital assets that were added during 2024. Amortization expenses are non-cash in nature, meaning that there was no outlay of cash resources related to the expense.

Following are key items driving the operating expense variance from 2023 to 2024:

- Increase in labor expenses, primarily driven by increases resulting from new Union Collective Bargaining Agreements as well as increase in programs and services with the highest impact being in Transit, Recreation, Public Works and Parks
- Expense increases in the areas of vehicle repairs and maintenance, utilities, commission expense, demand maintenance and contracted services were seen throughout the City with biggest impact in Transit, Public Works and Parks
- \$3 million increase in WSIB costs

- \$2 million increase in insurance claims costs
- \$11 million increase in post-employment benefits and other liabilities

Consolidated Statement of Change in Net Financial Assets

This statement explains the change in the City's Accumulated Surplus during the year. It is intended to provide the reader of the consolidated financial statements with detailed information on non-financial assets including the acquisition of tangible capital assets and the use of the assets through the value of amortization. This statement also provides reporting of other non-financial asset items that impact the change in annual surplus and the change in net financial assets.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows reports changes in cash and cash equivalents. It provides information on how the City uses its cash for operating, investing and financing activities. As at December 31, 2024 the City's cash and cash equivalents had a balance of \$294 million (2023 - \$181 million).

Audit Findings Report

Each year as part of the annual audit, the City Auditor, KPMG_{LLP} Chartered Accountants, conducts a review of Internal Controls and provides an Audit Findings Report to the Audit Committee with recommendations for improvement and accompanying management responses.

The 2024 Audit Findings Report from KPMG_{LLP} Chartered Accountants is attached to this report (Appendix D).

KPMG_{LLP} is prepared to issue an unmodified opinion that the City's Consolidated Financial Statements as at December 31, 2024 present fairly, in all material respects, the corporation's consolidated financial position, results of operations, change in net financial assets and cash flows in accordance with PSAS.

KPMG_{LLP} did not identify any process improvement areas or control deficiencies and there are no corrected or uncorrected misstatements.

Publication

The 2024 Consolidated Financial Statements will be made public and posted on the City's website.

CORPORATE IMPLICATIONS:

There are no corporate implications resulting from this report.

STRATEGIC FOCUS AREA:

This report fulfills the Government & Leadership strategic focus area through strict adherence to effective financial management policies by ensuring sustainable financial operations.

CONCLUSION:

KPMG_{LLP} audited the consolidated financial statements of the City for the fiscal year 2024. These consolidated financial statements are the responsibility of the City's management. The audit resulted in KPMG_{LLP} issuing an unqualified audit opinion, which means that the consolidated financial statements present fairly the financial position and comply with PSAS municipal financial reporting requirements.

KPMG_{LLP} Chartered Accountants also conducted a review of Internal Controls and provides an Audit Findings Report to the Audit Committee with recommendations for improvement.

Authored by:

Reviewed by:

Maja Kuzmanov,
Senior Manager,
Accounting Services/Deputy
Treasurer

Nash Damer,
Treasurer, Finance

Approved by:

Approved by:

Jason Tamming,
A/Commissioner,
Corporate Support Services

Marlon Kallideen,
Chief Administrative Officer

Attachments:

- Attachment 1 – Appendix A - 2024 Audited Financial Statements – The Corporation of the City of Brampton
- Attachment 2 – Appendix B - 2024 Audited Financial Statements – Trust Funds
- Attachment 3 – Appendix C - 2024 Municipal Surplus Reconciliations, Tax Levy Purpose vs Financial Statements
- Attachment 4 – Audit Findings Report (for the year ended December 31, 2024)

Consolidated Financial Statements of

**THE CORPORATION OF
THE CITY OF BRAMPTON**

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Brampton

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Brampton (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Consolidated Statement of Financial Position (Expressed in thousands of dollars)

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash and short-term investments (note 4)	\$ 293,653	\$ 180,810
Taxes receivable	147,875	107,752
User charges receivable	5,127	4,156
Accounts receivable	78,596	68,745
Long-term investments (note 4)	943,906	1,059,364
Other assets	620	8,217
	1,469,777	1,429,044
Financial Liabilities		
Accounts payable and accrued liabilities	238,189	190,383
Capital lease obligation (note 5)	73,571	76,233
Deferred revenue - general (note 7(a))	9,420	10,041
Deferred revenue - obligatory reserve funds (note 7(b))	767,648	696,480
Employee benefits and other liabilities (note 8)	140,035	128,654
Long-term liabilities (note 6)	38,054	39,532
Asset retirement obligation (note 9)	8,818	7,694
	1,275,735	1,149,017
Net financial assets	194,042	280,027
Non-Financial Assets		
Tangible capital assets (note 15)	4,461,720	4,264,069
Inventory and prepaids	17,015	15,122
	4,478,735	4,279,191
Commitments and contingencies (note 16)		
Contractual rights (note 19)		
Credit facility (note 21)		
Accumulated surplus (note 11)	\$ 4,672,777	\$ 4,559,218

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Consolidated Statement of Operations and Accumulated Surplus
(Expressed in thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (notes 1(p) and 17)	2024	2023
Revenue:			
Property taxation	\$ 578,099	\$ 578,273	\$ 545,717
Taxation from other governments	4,152	5,667	4,336
User charges	232,429	244,136	214,825
Government transfers (note 20)	1,088	24,057	29,461
Development levies earned and other restricted capital contributions (note 7(b))	116,100	164,012	222,858
Investment income	1,856	4,594	1,874
Interest earned on reserves	19,307	17,789	16,868
Penalties, fines and interest	41,398	43,196	36,180
Developer contributed tangible capital assets (note 15(b))	94,500	80,555	45,975
Gain on acquisition	—	11,088	-
Other	6,610	9,062	16,051
	1,095,539	1,182,429	1,134,145
Expenses (notes 12 and 18):			
General government	89,767	102,119	106,342
Protection to persons and property	165,958	168,481	146,089
Transportation services	449,573	458,002	438,312
Environmental services	30,281	31,877	30,754
Health services (cemeteries)	855	880	793
Social and family services	5,373	5,606	4,129
Recreation and cultural services	241,694	263,043	227,040
Planning and development services	37,625	38,862	36,314
	1,021,126	1,068,870	989,773
Annual surplus	<u>\$ 74,413</u>	113,559	144,372
Accumulated surplus, beginning of year		4,559,218	4,414,846
Accumulated surplus, end of year		<u>\$ 4,672,777</u>	<u>\$ 4,559,218</u>

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Consolidated Statement of Change in Net Financial Assets (Expressed in thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (notes 1(p) and 17)	2024	2023
Annual surplus	\$ 74,413	\$ 113,559	\$ 144,372
Acquisition of tangible capital assets	–	(282,301)	(269,712)
Developer contributed tangible capital assets	(94,500)	(80,555)	(45,975)
Amortization of tangible capital assets	158,209	162,449	161,308
Loss on disposal of tangible capital assets	–	2,756	23
Acquisition of inventory and prepaids	–	(24,112)	(19,344)
Use of inventory and prepaids	–	22,219	16,948
Change in net financial assets	138,122	(85,985)	(12,380)
Net financial assets, beginning of year	280,027	280,027	292,407
Net financial assets, end of year	\$ 418,149	\$ 194,042	\$ 280,027

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Consolidated Statement of Cash Flows (Expressed in thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 113,559	\$ 144,372
Items not involving cash:		
Amortization of tangible capital assets	162,449	161,308
Loss on disposal of tangible capital assets	2,756	23
Developer contributed tangible capital assets	(80,555)	(45,975)
Change in non-cash assets and liabilities:		
Taxes receivable	(40,123)	(33,509)
User charges receivable	(971)	(342)
Accounts receivable and other assets	(2,254)	(19,050)
Accounts payable and accrued liabilities	47,806	44,830
Deferred revenue - general	(621)	(20,512)
Deferred revenue - obligatory reserve funds	71,168	(19,266)
Employee benefits and other liabilities	11,381	6,369
Asset retirement obligation	1,124	—
Inventory and prepaids	(1,893)	(2,396)
	283,826	215,852
Capital activities:		
Acquisition of tangible capital assets	(282,301)	(269,712)
Financing activities:		
Repayment of capital lease obligation, net	(2,662)	(2,469)
Sinking fund deposits made	(1,478)	(1,411)
	(4,140)	(3,880)
Investing activities:		
Net change in long-term investments	115,458	(87,834)
Increase (decrease) in cash and short-term investments	112,843	(145,574)
Cash and short-term investments, beginning of year	180,810	326,384
Cash and short-term investments, end of year	\$ 293,653	\$ 180,810

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements
(Expressed in thousands of dollars)

Year ended December 31, 2024

The Corporation of the City of Brampton (the "City") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act, Development Charges Act and related legislation.

1. Significant accounting policies:

The consolidated financial statements of the City are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"). Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprising of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These consolidated financial statements include:

- Brampton Public Library Board (the "Library"); and
- Downtown Brampton Business Improvement Area.

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(b) Non-consolidated entities:

The following regional municipality and local boards are not consolidated and should be contacted directly if examination of their annual audited financial statements is desired:

- The Regional Municipality of Peel ("Region of Peel");
- The Peel District School Board;
- The Dufferin-Peel Catholic District School Board;
- Conseil Scolaire de District du Centre-Sud Ouest; and
- Conseil Scolaire de District Catholique Centre-Sud.

Trust funds and their related operations administered by the City are not included in these consolidated financial statements but are reported separately on the trust funds' financial statements.

(c) Accounting for Region and School board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the Region of Peel and the school boards are not reflected in the consolidated financial statements.

(d) Basis of accounting:

The City follows the accrual method of accounting. Under the accrual method of accounting, revenue is recognized in the year in which the transactions or events that gave rise to the revenue occurred.

Expenses are the cost of goods or services acquired in the period whether or not payment has been made or invoices received.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Cash and short-term investments:

Cash and short-term investments include short-term highly liquid investments with terms to maturity of 90 days or less. Cash and short-term investments are recorded at cost with write down to market when there is a decrease in value.

(f) Long-term investments:

Long-term investments consist of bonds, debentures, and pooled investments meeting the eligibility criteria defined by O. Reg 438/97, and are all recorded at amortized cost.. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss of value that is other than a temporary decline in value, the respective investment is written down to market value to recognize the loss in the consolidated statement of operations and accumulated surplus.

(g) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the organization is directly responsible or accepts responsibility for the liability;
- (iv) future economic benefits will be given up; and
- (v) a reasonable estimate of the liability can be made.

The liability is estimated based upon information that is available when the consolidated financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(h) Non-financial assets:

Non-financial assets include tangible capital assets and inventory and prepaids. They are not available to discharge existing liabilities and are held for use in the provision of services.

Inventory and prepaid expenses held for consumption are recorded at the lower of cost and replacement cost.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, are amortized on a straight-line basis over their estimated useful lives as follows:

Land	Unlimited
Buildings and building improvements	10 - 40
Furniture, computer and office equipment	2 - 20
Infrastructure	10 - 40
Land improvements	10 - 30
Vehicles and machinery	7 - 15
Assets under capital lease	Lesser of useful life and lease term

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(ii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements. The City owns both works of art and historical treasures at various City-owned facilities. These assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community.

(iii) Interest capitalization:

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(iv) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(v) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(j) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenue in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(k) Deferred revenue - general:

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(l) Deferred revenue - obligatory reserve funds:

The City receives gas taxes and transfer payments from other levels of government and development charges under the authority of Provincial Legislation and City By-Laws. These funds by their nature are restricted in their use and until applied to applicable capital works are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal year they are expended.

(m) Taxation and user charges revenue:

Tax receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. User charges are recognized when measurable and earned.

(n) Investment income:

Investment income earned on available surplus funds is reported as revenue in the year earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(o) Pensions and employee benefits:

- (i) The City provides certain employee benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board Act ("WSIB") and life insurance, extended health and dental benefits for early retirees. The costs of sick leave, benefits under WSIB and life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discounted rates. For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group. For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period when the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the year they arise.
- (ii) The costs of a multi-employer defined benefit pension plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions which is accounted for as a defined contribution plan, are the employer's defined contributions to the plan in the year.

Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to WSIB are amortized over the average expected year during which the benefits will be paid.

Costs related to prior period employee services arising out of plan amendments are recognized in the year in which the plan is amended.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(p) Budget figures:

The City budgets for the following items on the consolidated statement of operations and accumulated surplus: interest earned on reserves, developer contributed tangible capital assets and amortization expense.

The City Council completes separate budget reviews for its operating and capital project budgets each year. Both budgets are reflected in the consolidated statement of operations and accumulated surplus.

The operating budget is based on projected operating expenses to be incurred during the current year. Budgets established for capital projects are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years.

(q) Use of estimates:

The preparation of these consolidated financial statements requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant estimates and assumptions include allowance for doubtful accounts for certain accounts receivable, carrying value of tangible capital assets, provisions accrued liabilities and obligations related to employee future benefits. Actual results could differ from these estimates.

(r) Related parties disclosure:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the consolidated financial statements. As at December 31, 2024, there are no such related party transactions to disclose.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(s) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one of more future events occur that are not within the government's control. Disclosure of a contingent asset is required under this standard when the occurrence of a confirming future event is likely. As at December 31, 2024, there are no such contingent assets to disclose.

(t) Contractual rights:

Contractual rights require the disclosure of information in regards to future rights to economic resources arising from contracts or agreements that will result in a future economic benefit. Such disclosure includes the nature, extent and timing of contractual rights. The City is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources. Contractual rights are reported in note 19.

(u) Assets:

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events and from which future economic benefits are to be obtained. For the year ended December 31, 2024, all material assets have been disclosed and reported within this definition.

(v) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

These obligations represent estimated retirement costs for the City owned buildings, including fuel tanks and restoration costs for leasehold improvements. Asset retirement obligations are recorded on the consolidated financial statements as a liability and are based on accrual accounting. As such, there is no direct cash flow or budgetary impact to the City.

The asset retirement obligation standard applies to all tangible capital assets controlled by the City that have a legal or contractual obligation. It addresses the reporting of legal obligations associated with the retirement of tangible capital assets, both in productive use and not in productive use and controlled by the entity, and the costs associated with the retirement of these assets.

The estimate of the liability associated is measured based on the best estimate of directly attributable expenditures required to settle this obligation. Other costs would also include post-retirement operation, maintenance and monitoring costs required after the asset has been removed from service. To record the obligation, the total liability is added to the carrying value of the associated assets and amortized using straight line basis over the remaining useful life of the asset. As new and updated information is available through maintenance of assets, the estimates for asset retirement obligation would be revised and any updates to the estimated costs of obligation will result in change in carrying value of the assets in productive use to be amortized for the remaining life of the asset.

(w) Newly adopted accounting standards:

Effective January 1, 2024, the City adopted the following standards issued by the PSAB:

- (i) PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. Specifically, it differentiates between revenue arising from transactions that include performance obligations and those that do not. The City adopted the standard prospectively. The implementation of this new standard did not have an impact on the amounts presented in the financial statements.
- (ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. The City adopted the standard prospectively. The implementation of this new standard did not result in identification of assets that would meet the definition of purchased intangibles.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

- (iii) PS 3160, Public Private Partnerships ("P3"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The City adopted the standard prospectively. The implementation of this new standard did not result in identification of transactions that would meet the definition of P3.

2. Future accounting pronouncements:

These standards and amendments were not effective for the year ended December 31, 2024, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

- (a) Concepts Underlying Financial Performance. The revised conceptual framework will replace the existing conceptual framework, which consists of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework is to be adopted prospectively. This revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 (the City's December 31, 2027 year end).
- (b) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. The City is currently assessing the impact of this standard on the future financial statements. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the City's December 31, 2027 year end).
- (c) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently undergoing discussions where further changes are expected as a result of the re-exposure comments. Effective date is currently not determined.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

3. Financial instruments:

Financial instruments are classified in one of the following categories: (i) fair value; or (ii) cost or amortized costs.

Financial instruments measured at fair value are classified according to fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of cash and short-term investments, long-term investments are disclosed in note 4. Taxes receivable, accounts receivable, user charge receivable, accounts payable and accrued liabilities, employee benefits and other liabilities, and long-term liabilities approximate their fair value due to the short-term maturity of these financial instruments. All the above instruments are classified as Level 1.

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2024. There were also no transfers in or out of Level 3 during the year.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

3. Financial instruments (continued):

Risks arising from financial instruments and risk management:

The City is exposed to a variety of financial risks including credit risk, liquidity risk and market risk:

(a) Credit risk:

Credit risk is the risk that a security issuer or counterparty will be unable to pay amounts in full when due. The City's principal financial assets are cash, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the City's maximum credit exposure as at the consolidated statement of financial position date.

The City's credit risk is primarily attributable to its receivables. The amounts disclosed in the consolidated statement of financial position are net of an allowance for doubtful accounts, estimated by management of the City. The City does not have any significant past due accounts receivable that are not provided for.

As at December 31, 2024, there were no significant balances of accounts receivable due from any single customer. There was \$13 (2023 - \$108) of write-offs during the year which were approved by the City Council. There were no write-offs during the year related to section 354 of the Municipal Act, 2001. The City actively monitors accounts receivable and has the right to enforce payment as per the contract.

The credit risk on cash and investments is limited because the counterparties are chartered banks and government institutions with high credit ratings assigned by national credit rating agencies.

(b) Liquidity risk:

Liquidity risk results from the City's potential inability to meet its obligations associated with the financial liabilities as they come due. The City monitors its operations and cash flows to ensure current and future obligations will be met. The City believes its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations. The maturity analysis of the City's long-term debt is described in note 6. The majority of the accounts payable and accrued liabilities are expected to be settled in the next fiscal year.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

3. Financial instruments (continued):

(c) Market risk:

Market risk comprises of three types of risk: Interest rate risk, other price risk and currency risk.

The effect that changing interest rates have on the present value of a fixed-income security is the interest rate risk.

While the current market value of the City's fixed income portfolio is lower than that of the book value, it doesn't pose any risk of realized loss as the City mostly holds the portfolio to maturity. The City's laddered investment approach for the fixed income portfolio allows a healthy amount of maturity every year to be used for either liquidity purposes or for re-investment.

The City is not exposed to any significant currency risk due to limited foreign currency transactions.

4. Cash and investments:

Cash and short-term investments of \$293,653 (2023 - \$180,810) includes short-term investments of \$199,694 (2023 - \$136,863) with a market value \$199,696 (2023 - \$136,812) at the end of the year.

Long-term investments of \$943,906 (2023 - \$1,059,364) have a market value of \$923,718 (2023 - \$1,011,590) at the end of the year.

As at December 31, 2024, the City's long-term investments measured at amortized cost exceed market value, representing a temporary decline in market value but no decline in the amortized cost value reported. There is no impairment due to the low-risk nature of the investments, the high credit ratings of the issuers, and the City's intention to hold these investments to their maturities.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

5. Capital lease obligation:

In 2014, the City entered into a capital lease arrangement (the "agreement") for the City Hall West Tower.

The agreement requires equal monthly lease payments over a period of 25 years until 2039. At the expiry of the agreement, the legal title of the building will be transferred to the City.

Annual lease payments under the agreement are as follows:

2025	\$	8,354
2026		8,354
2027		8,354
2028		8,354
2029		8,354
2030 and thereafter		80,054
Total minimum lease payments		121,824
Less amount representing implicit interest at 7.59%		48,253
Capital lease obligation		\$ 73,571

Included in interest expense reported in the consolidated statement of operations and accumulated surplus is \$5,691 (2023 - \$5,885) for interest expense related to the capital lease obligation.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2024

6. Long-term liabilities:

The City has long-term debt managed and issued by the Region of Peel. The City has the responsibility for the annual contribution towards sinking funds that would be used to extinguish the debt at maturity. The total long-term liabilities reported on the consolidated statement of financial position include the following:

	2024	2023
Unsecured debenture issued in 2019 by Region of Peel on behalf of the City, bearing interest at 3.85%, maturing on 2042	\$ 24,554	\$ 24,554
Unsecured debenture issued in 2021 by Regional of Peel on behalf of the City, bearing interest at 2.5%, maturing on 2042	18,471	18,471
	43,025	43,025
Less sinking fund deposits bearing interest at 2.5%	4,971	3,493
	\$ 38,054	\$ 39,532

Actuarially determined funding contribution requirements for the next six years and thereafter are as follows:

2025	\$ 1,378
2026	1,399
2027	1,420
2028	1,442
2029	1,464
2030 and thereafter	26,303
Interest to be earned on sinking fund debt	4,648
Unsecured debenture, net of sinking fund deposits	\$ 38,054

Interest expense in the amount of \$1,386 (2023 - \$1,386) has been recognized on the consolidated statement of operations and accumulated surplus. The annual sinking fund deposits and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

7. Deferred revenue:

(a) Deferred revenue - general:

Deferred revenue - general is comprised of user charges for parks and recreation programs, transit advertising revenue applicable for the following year and unspent provincial funding for capital projects. As at December 31, 2024, the deferred revenue - general amounted to \$9,420 (2023 - \$10,041).

(b) Deferred revenue - obligatory reserve funds:

Obligatory reserve funds are to be reported as deferred revenue. This requirement is in place as Federal and Provincial legislation and other City by-laws and agreements may restrict how these funds may be used and under certain circumstances these funds may possibly be refunded.

As at December 31, 2024, obligatory reserve funds amounted to \$767,648 (2023 - \$696,480). This balance includes unspent development charges, unspent gas tax receipts as well as unspent funding for specific infrastructure projects received from federal and provincial governments.

Details of these deferred revenue are as follows:

	Opening balance as at January 1, 2024	Amount received including interest	Amount recognized as revenue	Closing balance as at December 31, 2024
Developer Canada Community Building Fund	\$ 412,433	\$ 85,987	\$ 98,580	\$ 399,840
Provincial gas tax	93,205	41,843	20,853	114,195
Other	6,000	26,063	16,907	15,156
	184,842	81,287	27,672	238,457
Total	\$ 696,480	\$ 235,180	\$ 164,012	\$ 767,648

Other deferred revenue includes other obligatory reserves such as developer deposits for subdivision maintenance and future construction.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

8. Employee benefits and other liabilities:

The City provides certain employee benefits, which will require funding in future periods. Under the sick-leave benefit plan, unused sick leave can accumulate and employees may become entitled to cash payment when they leave the City's employment. With respect to responsibilities under provisions of the WSIB, the City has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these consolidated financial statements.

Employee benefits and other liabilities included in the consolidated financial statements are summarized below:

	2024	2023
WSIB	\$ 35,758	\$ 31,899
Vested sick leave benefits	33,932	31,743
Vacation pay	19,975	15,478
Non-pension post-employment benefits	44,005	41,729
Self-insurance liability	6,307	7,805
Other	58	—
Total	\$ 140,035	\$ 128,654

As at December 31, 2024, the City has allocated reserves and reserve funds of \$6,078 (2023 - \$6,757) to fund some of these obligations. Any additional requirements to fund these obligations will be covered by General Rate Stabilization Reserve.

The most recent full actuarial valuation for WSIB, vested sick leave benefits and non-pension post-employment benefits was performed as at December 31, 2022.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

8. Employee benefits and other liabilities (continued):

The following table sets out the actuarial results for each of the plans as at December 31:

				2024	2023
Item	WSIB	Vested sick leave benefits	Non-pension post-employment benefits	Total	Total
Accrued benefit obligation ("ABO"), beginning of year	\$ 35,460	\$ 41,913	\$ 39,105	\$ 116,478	\$ 110,920
Add:					
Current benefit cost	6,431	4,072	2,112	12,615	11,832
Increase (decrease) due to survivor awards	—	—	—	—	(851)
Interest cost	1,626	1,868	1,764	5,258	4,950
	43,517	47,853	42,981	134,351	126,851
Less current benefit payments	5,072	4,854	1,954	11,880	11,980
ABO, end of year	38,445	42,999	41,027	122,471	114,871
Unamortized actuarial gain (loss)	(2,687)	(9,067)	2,978	(8,776)	(9,500)
Liability for benefits, end of year	\$ 35,758	\$ 33,932	\$ 44,005	\$ 113,695	\$ 105,371

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best significant assumptions and estimates. The following represents the more significant assumptions made:

	WSIB	Vested sick leave benefits	Non-pension post-employment benefits
Expected inflation rate	2.00%	2.00%	2.00%
Expected level of salary increases	n/a	3.00%	3.00%
Interest discount rate	4.50%	4.50%	4.50%
Dental premium rates increase	n/a	n/a	4.00%
Health care premium rates increase	6.00%	n/a	6.00%
Expected average remaining service life	10.19 years	13 years	14 years

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

9. Asset retirement obligation:

An asset retirement obligation of \$8,818 (2023 - \$7,694) was recognized as a long-term obligation in the consolidated statement of financial position. These obligations represent estimated retirement costs for City owned buildings, including fuel tanks and restoration costs for leasehold improvements. Majority of these obligations are related to the removal and disposal of designated substances such as asbestos from buildings. The buildings have an expected useful life of 40 years, and the estimate has not changed since purchase.

Changes to the asset retirement obligation in 2024 are as follows:

	Buildings	Tanks	Lease agreements	Total
Opening balance	\$ 7,368	\$ 300	\$ 26	\$ 7,694
Obligation incurred in year	1,014	150	–	1,164
Obligation settled in year	(14)	–	(26)	(40)
Closing balance	\$ 8,368	\$ 450	\$ –	\$ 8,818

10. Pension agreements:

The City makes contributions to OMERS, which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay. The City accounts for its participation in OMERS, as a defined contribution plan.

The amount contributed to OMERS for 2024 was \$35,267 (2023 - \$34,021) for current service and is included as an expense on the consolidated statement of operations and accumulated surplus. Employee contributions totaled \$35,267 (2023 - \$34,021).

The City is current with all payments to OMERS, therefore, there is neither a surplus nor deficit with the pension plan contributions. However, the OMERS pension plan had a deficit at December 31, 2024 of \$2.9 billion (2023 - \$4.2 billion) based on an actuarial valuation of plan assets.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2024

11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus, including funds committed for capital projects, and reserves and reserve funds as follows:

	2024	2023
Tangible capital assets	\$ 4,461,720	\$ 4,264,069
Deficit funds from committed capital projects and other	(348,606)	(261,058)
	4,113,114	4,003,011
Reserves	86,242	98,708
Reserve funds	473,421	457,499
Total	\$ 4,672,777	\$ 4,559,218

12. Expenses by object:

The following is a summary of the expenses reported on the consolidated statement of operations and accumulated surplus by object:

	Budget 2024	2024	2023
Salaries, wages and fringe benefits	\$ 571,286	\$ 575,380	\$ 507,634
Amortization of tangible capital assets (note 15)	158,209	162,449	161,308
Contracted services	137,807	163,668	162,048
Materials and supplies	122,652	133,757	117,790
Rents and financial expenses	26,690	26,007	25,005
Government transfers	4,482	4,853	15,950
Other	—	2,756	38
Total expenses	\$ 1,021,126	\$ 1,068,870	\$ 989,773

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

13. Trust funds:

Trust funds administered by the City amounted to \$31,488 (2023 - \$32,015) are presented in the separate financial statements of trust funds balances and operations. As such balances are held in trust by the City for the benefit of others, they are not presented as part of the City's consolidated statement of financial position or operations and accumulated surplus.

The City administers the following trust funds:

- Cemeteries Care and Maintenance Trust;
- Developers' Performance Deposits Trust;
- Developer Front End Financing Trust;
- Brampton Marketing Board, Greater Toronto Area and Greater Toronto Marketing Alliance; and
- Brampton Sports Hall of Fame.

14. Public liability insurance:

The City is self-insured for all lines of coverage including public liability, errors and omissions and Brampton Transit claims up to \$1,000. This is for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

Claims settled during the year amounting to \$6,306 (2023 - \$4,477) have been provided for from the General Rate Stabilization Reserve, and are accordingly reported as expenses on the consolidated statement of operations and accumulated surplus with a corresponding liability recorded on the consolidated statement of financial position.

In the normal course of its operations, the City is subject to various litigation and claims. Where management has assessed the likelihood of the success of the claim as more likely than not and where a reasonable estimate as to the exposure can be made, an accrual has been recorded in these consolidated financial statements. In some instances, the ultimate outcome of these claims cannot be determined at this time. However, the City's management believes that the ultimate disposition of these matters will not have a material adverse effect on its consolidated statement of financial position.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2024

15. Tangible capital assets:

The City has identified following major asset categories: land; asset under capital lease; buildings and building improvements; furniture, computer and office equipment; infrastructure; land improvements and vehicles and machinery.

	2023	Additions	Disposals	Transfers	2024
Cost					
Land	\$ 1,793,431	\$ 16,140	\$ –	\$ –	\$ 1,809,571
Asset under capital lease	93,526	–	(26)	–	93,500
Buildings and building improvements	957,588	135,169	(15,096)	–	1,077,661
Furniture, computer and office equipment	75,689	16,426	(10,416)	–	81,699
Infrastructure	2,688,174	95,040	(2,478)	–	2,780,736
Land improvements	141,807	7,709	(1,070)	–	148,446
Vehicles and machinery	472,022	70,179	(11,781)	–	530,420
Assets under construction	253,721	264,875	–	(242,682)	275,914
Total	\$ 6,475,958	\$ 605,538	\$ (40,867)	\$ (242,682)	\$ 6,797,947

	2023	Amortization	Disposals	Transfers	2024
Accumulated amortization					
Land	\$ –	\$ –	\$ –	\$ –	\$ –
Asset under capital lease	35,244	3,740	(26)	–	38,958
Buildings and building improvements	489,548	40,115	(12,470)	–	517,193
Furniture, computer and office equipment	42,259	10,586	(10,398)	–	42,447
Infrastructure	1,249,816	72,544	(2,478)	–	1,319,882
Land improvements	71,397	6,778	(2,078)	–	76,097
Vehicles and machinery	323,625	28,686	(10,661)	–	341,650
Total	\$ 2,211,889	\$ 162,449	\$ (38,111)	\$ –	\$ 2,336,227

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

15. Tangible capital assets (continued):

	2024	2023
Net book value		
Land	\$ 1,809,571	\$ 1,793,431
Asset under capital lease	54,542	58,282
Buildings and building improvements	560,468	468,040
Furniture, computer and office equipment	39,252	33,430
Infrastructure	1,460,854	1,438,358
Land improvements	72,349	70,410
Vehicles and machinery	188,770	148,397
Assets under construction	275,914	253,721
Total	\$ 4,461,720	\$ 4,264,069

(a) Assets under construction:

Assets under construction having a value of \$275,914 (2023 - \$253,721) have not been amortized. Amortization of these assets will commence when the assets are put into service.

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. Contributed capital assets are comprised of infrastructure assets acquired through subdivision assumptions. The value of contributed assets received during the year is \$80,555 (2023 - \$45,975).

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

16. Commitments and contingencies:

(a) Commitment for operating leases:

The City leases facilities and equipment under operating leases expiring beyond 2030. The minimum amounts payable under these arrangements are as follows:

2025	\$ 15,479
2026	13,261
2027	11,155
2028	10,427
2029	7,762
2030 and thereafter	8,317
	<hr/>
	\$ 66,401

Excluded from these amounts is the capital lease obligation reported in note 5.

(b) Contingent legal liabilities:

As at December 31, 2024, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has recorded a liability for certain uninsured claims, but has made no specific provision for those where the outcome is presently indeterminable. See notes 8 and 14.

17. Budget data:

Budget data presented in these consolidated financial statements are based upon the 2024 operating and capital budgets as approved by Council and adopted by the City at the December 13, 2023 meeting. Adjustments to budgeted values were required to provide comparative budget values based on the components of full accrual basis of accounting. The chart below reconciles the approved operating budget with the budget figures presented in these consolidated financial statements.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

17. Budget data (continued):

Revenue

Approved operating budget	\$ 912,578
Less contributions from reserve fund	47,346
Add:	
Other	400
Development levies earned and other restricted capital contributions	116,100
Interest earned on reserves	19,307
Developer contributed tangible capital assets	94,500
	<u>230,307</u>
Total reported on consolidated financial statements	<u>\$ 1,095,539</u>

Expenses

Approved operating budget	\$ 912,578
Less contributions to reserve funds	141,236
Add:	
Other	8,575
Operating projects budget	83,000
Amortization	158,209
	<u>249,784</u>
Total reported on consolidated financial statements	<u>\$ 1,021,126</u>

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

18. Segmented information:

The City is a multifaceted municipal government that delivers a wide range of services that enhance quality of life to its citizens. For additional information see the consolidated schedule of segment disclosure.

Certain allocation methodologies are employed in the preparation of segmented financial information. Services are funded primarily by taxation and user fees. Taxation revenue is allocated to the general government segment. Certain government grants, user charges and other revenue have been allocated based upon the same allocation as the related expenses. User fees are allocated based upon the segment that generated the fee.

City services are provided by various divisions whose activities are organized in the following segments for management reporting purposes:

(a) General government:

General government is comprised of Mayor and Councillor's as well as Corporate Management and Support sections.

The departments within Corporate Management and Support sections are responsible for adopting bylaws and administrative policies; risk management; providing effective financial reporting, planning and controls; developing and maintaining flexible computer networks and resources to deliver information and telecommunications to City employees and the citizens of Brampton; acquiring, managing and disposing City assets; levying and collecting taxes.

(b) Protection to persons and property:

Protection services delivers Fire Emergency Services, By-law and Enforcement and Provincial Offences Act administration. The mandate of the Fire department is to provide fire protection and emergency response but also superior level of Fire Prevention and Public Education. By-law and Enforcement assist in maintaining Brampton as a safe, healthy and attractive City by responding to public concerns, patrolling City property and enforcing the City's by-laws.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

18. Segmented information (continued):

Provincial Offences Act mandate encompass the administration and prosecution of provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-laws and minor federal offences.

(c) Transportation services:

The Works department manages various infrastructure projects as part of a 10-year capital program to expand and improve the City's road network and transportation infrastructure. In addition, major functions also include maintenance of road system (road resurfacing and snow clearing) and all associated infrastructure such as sidewalks, bridges and curbs.

Brampton Transit is responsible for providing efficient and effective local public transportation service.

(d) Environmental services:

Environmental services are delivered by staff in the Works department. Primary responsibility of this section is catch basin and storm sewer maintenance. In addition, the department performs watercourse maintenance in order to ensure public safety and environmental controls are in place. Watercourse maintenance activities include controlling erosion, the removal of garbage and debris and responding to spills and illegal dumping to ensure water quality and proper cleanup.

(e) Health, social and family services:

Health, social and family services comprised cemetery operations and assistance to aged persons. Assistance to aged persons includes senior's education tax rebate, senior snow clearing subsidy as well as maintenance of seniors centre.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

18. Segmented information (continued):

(f) Recreation and cultural services:

The community services department is responsible for the delivery of Parks, Recreation and Cultural services. The Parks Operations division maintains all parks, boulevards, sports fields, trees, horticultural displays, pathways and open space. This division provides the residents of Brampton with safe, attractive, outdoor facilities delivered through a highly skilled and versatile workforce.

The Recreation and Culture division is responsible for the delivery of all culture and recreation programs offered by the City and the day-to-day operation of all theatres and recreation buildings. This division provides the City's front-line contact with the citizens of Brampton in Culture, Recreation Facilities and Programs providing many activities that enhance the richness and quality of life for residents.

This section also contributes towards the information needs of the City's citizens through the provision of library services by the Library.

(g) Planning and development services:

The Planning and Development Department responsibilities encompass planning, design and development approvals, management of building permit processes, long-range Brampton official plan and growth management. This department is also responsible for providing advice to City Council, the public, and the development/building industry with respect to a broad range of land use planning, development applications, urban design, public buildings and open space/facility development issues, development engineering and transportation planning.

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

18. Segmented information (continued):

Consolidated schedule of segment disclosure:

	2024							2023	
	General government	Protection to persons and property	Transportation services	Environmental services	Health, social and family services	Recreation and cultural services	Planning and development services	Total	Total
Revenue:									
Property taxation and taxation from other governments	\$ 583,557	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 383	\$ 583,940	\$ 550,053
User charges	35,402	22,210	128,346	—	555	42,320	15,303	244,136	214,825
Government transfers (note 20)	15,515	2,752	334	—	110	2,091	3,255	24,057	29,461
Development levies earned and other restricted capital contributions	10,989	3,772	87,419	1,312	1,804	57,732	984	164,012	222,858
Investment income (including reserves and reserve funds)	21,620	—	—	—	—	728	35	22,383	18,742
Penalties, fines and interest	25,804	17,037	—	—	—	355	—	43,196	36,180
Developer contributed tangible capital assets	—	—	80,555	—	—	—	—	80,555	45,975
Gain on acquisition	—	—	—	—	—	11,088	—	11,088	—
Other	1,797	66	4,004	—	69	1,517	1,609	9,062	16,051
	694,684	45,837	300,658	1,312	2,538	115,831	21,569	1,182,429	1,134,145
Expenses (income) (note 12):									
Salaries, wages and fringe benefits	105,780	128,195	204,426	3,637	2,422	111,866	19,054	575,380	507,634
Materials and supplies	26,271	6,127	75,619	122	528	19,944	5,146	133,757	117,790
Contracted services	47,721	9,382	51,764	6,603	275	38,528	9,395	163,668	162,048
Rents and financial expenses	14,162	312	10,676	—	14	799	44	26,007	25,005
Allocation of corporate expenses to segments	(106,073)	12,341	32,425	1,367	382	57,532	2,026	—	—
Government transfers	577	—	—	—	2,438	163	1,675	4,853	15,950
Amortization	10,989	12,061	83,092	20,148	427	34,210	1,522	162,449	161,308
Other	2,692	63	—	—	—	1	—	2,756	38
	102,119	168,481	458,002	31,877	6,486	263,043	38,862	1,068,870	989,773
Annual surplus (deficit)	\$ 592,565	\$ (122,644)	\$ (157,344)	\$ (30,565)	\$ (3,948)	\$ (147,212)	\$ (17,293)	\$ 113,559	\$ 144,372

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

19. Contractual rights:

The City is involved in various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

Future revenue from incoming lease agreements for City-owned properties are approximately \$17,002 (2023 - \$17,147). The City also has a number of material Federal and Provincial funding agreements with estimated future funding of approximately \$159,570 (2023 - \$193,765).

The timing of these funding agreements is as follows:

2025	\$ 40,423
2026	39,181
2027	39,983
2028	39,983
	<hr/>
	\$ 159,570

20. Government transfers:

Transfers from other governments recognized in the current year:

	2024	2023
General government	\$ 15,515	\$ 8,442
Protection to persons and property	2,752	3,983
Transportation services	334	11,814
Environmental services	—	7
Health, social and family services	110	89
Recreation and cultural services	2,091	3,018
Planning and development services	3,255	2,108
Total funding	<hr/> \$ 24,057	<hr/> \$ 29,461

THE CORPORATION OF THE CITY OF BRAMPTON

DRAFT Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended December 31, 2024

21. Credit facility:

On March 29, 2022, City Council approved the credit facility arrangement with the Canada Infrastructure Bank ("CIB") for financing of Zero Emission Buses ("ZEBs") in the amount of up to \$400 million between January 1, 2022 and December 31, 2027. The CIB is charging the City an interest rate of 1% on funding accessed through the credit facility. Repayment term is 15-years for each round of financing discharged by CIB to the City. Repayments of borrowing through the credit facility arrangement will be funded by operating savings realized as a result of fleet conversion to ZEBs. As at December 31, 2024, there have been no draws against this credit facility.

22. Brampton Municipal Holdings Inc.:

Brampton Municipal Holdings Inc. was incorporated during the year for the purpose of providing Brampton with enhanced capabilities to manage, finance and execute large scale projects, ensuring better service delivery, financial sustainability and cost savings. There were no transactions incurred during the year for this new entity.

Financial Statements of

**THE CORPORATION OF THE
CITY OF BRAMPTON
TRUST FUNDS**

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Brampton

Opinion

We have audited the financial statements of the trust funds of The Corporation of the City of Brampton (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of financial activities and changes in fund balances for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Entity as at December 31, 2024, and its results of operations and fund balances for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

**THE CORPORATION OF THE CITY OF BRAMPTON
TRUST FUNDS**

DRAFT Statement of Financial Position

December 31, 2024, with comparative information for 2023

[illegible]

See accompanying notes to financial statements.

DRAFT Statement of Financial Activities and Changes in Fund Balances

	Brampton Marketing Board, Greater Toronto Area and Greater Toronto Marketing Alliance Trust Funds (Fund #41, 47 and 48)						2024	2023
	Cemeteries Care and Maintenance Trust Funds (Fund #1)	Developers' Performance Deposits Trust (Fund #16)	Developer Front-End Financing Trust Fund (Fund #39)	Brampton Sports Hall of Fame (Fund #83)			Total	Total
Revenue:								
Monuments and markers deposits	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	3,000	\$ 2,000
Perpetual care deposits	10,861	-	-	-	-	-	10,861	8,320
Other deposits - Trusts	-	170,100	-	-	-	-	170,100	168,645
Performance deposits received	-	4,348,013	-	-	-	-	4,348,013	3,611,669
Interest income	13,861	4,518,113	-	-	-	-	4,531,974	3,790,634
	51,452	1,002,812	18,384	4,435	3,114	3,114	1,080,197	1,696,506
	65,313	5,520,925	18,384	4,435	3,114	3,114	5,612,171	5,487,140
Expenditures:								
Transfers to The Corporation of the City of Brampton:								
Maintenance contribution	51,452	-	-	-	-	-	51,452	52,910
Interest transfer	-	1,002,812	-	-	-	-	1,002,812	1,618,051
Return of performance deposits	51,452	1,002,812	-	-	-	-	1,054,264	1,670,961
	-	5,085,161	-	-	-	-	5,085,161	7,479,153
	51,452	6,087,973	-	-	-	-	6,139,425	9,150,114
Annual surplus (deficit)	13,861	(567,048)	18,384	4,435	3,114	3,114	(527,254)	(3,662,974)
Accumulated surplus, beginning of year	1,017,439	30,491,869	358,678	86,537	60,767	60,767	32,015,310	35,678,284
Accumulated surplus, end of year	\$ 1,031,300	\$ 29,924,841	\$ 377,062	\$ 90,972	\$ 63,881	\$ 63,881	\$ 31,488,056	\$ 32,015,310

2

THE CORPORATION OF THE CITY OF BRAMPTON TRUST FUNDS

DRAFT Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policy:

The Corporation of the City of Brampton (the "City") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act, Development Charges Act and related legislation.

The financial statements of The Corporation of the City of Brampton Trust Funds (the "Trust Funds") are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

- (a) 'FS Caption for Receipts', other than interest and letters of credit receipts, are reported on deposits and are recognized as revenue upon cash receipt. Interest income and letters of credit receipts are recorded on the accrual basis of accounting.
- (b) Returns of performance deposits are reported in the periods in which they are payable either directly by the Trust Funds or through the City funds. All other expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (c) Investments, including any term deposits not available on demand, are reported at the lower of amortized cost and market value.
- (d) Adoption of new accounting policies:

Effective January 1, 2024, the Trust Funds adopted the following standards issued by the PSAB:

- (i) PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.
- (ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction.

THE CORPORATION OF THE CITY OF BRAMPTON TRUST FUNDS

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policy (continued):

- (iii) PS 3160, Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3s arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

The Trust Funds implemented the above standards and there was no significant impact on the financial statements.

(e) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2024, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of these standards on the future financial statements.

- (i) Concepts Underlying Financial Performance. This revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 (the Trust Fund's December 31, 2027 year end).
- (ii) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. This guideline is effective for fiscal years beginning on or after April 1, 2026 (the Trust Fund's December 31, 2027 year end).
- (iii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently undergoing discussions where further changes are expected as a result of the re-exposure comments. Effective date is currently not determined.

THE CORPORATION OF THE CITY OF BRAMPTON TRUST FUNDS

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Due to the City:

The amounts due to the City represent amounts from different Funds, are non-interest bearing, and have no fixed repayment terms.

3. Cemeteries Care and Maintenance Trust Funds:

The City maintains several cemeteries, including the following which have Care and Maintenance Trust Funds which the City administers: Page; Hilltop Gore; Shiloh; Alloa; Grahamsville; Zion; Mt. Olivet; St. John - Castlemore; St. John - Snelgrove; St. Mary - Tullamore; and Eventide.

Interest income attributable to each of the individual Trust Funds that is received during any particular year is transferred to the City Revenue Fund in that year to partially offset the maintenance cost for each cemetery to which the individual Trust Funds relate. The operations and investments of the fund are undertaken by the City in accordance with the regulation of the "Cemeteries Act (Revised)".

4. Developers' Performance Deposits Trust:

The Developers' Performance Deposits Trust was established for the following purposes:

- (a) To hold performance deposits made by individual parties to the City as assurance that specific obligations agreed upon are fulfilled. Once fulfilled, the deposit held is returned to the respective party.
- (b) When a party develops a property in the City, generally a letter of credit is obtained from the party's bank, which provides a guarantee to the City that the contract will be completed as specified. Otherwise, the City is able to draw upon the letter of credit and to deposit the funds in the Trust to be later used to pay a third party to complete the contract.

THE CORPORATION OF THE CITY OF BRAMPTON

TRUST FUNDS

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Developer Front-End Financing Trust Fund:

The Developer Front-End Financing Trust Fund was established in 1993 to receive contributions from developers for studies and construction of services which not only benefit their particular development but will also ultimately benefit other future development. The Front-End Developers provide the initial financing in lieu of the City for the required studies and capital works and enter into agreements with the City to recover the costs associated with other benefiting landowners on a best effort basis.

6. Brampton Sports Hall of Fame:

The Brampton Sports Hall of Fame (the "BSHF") is a non-profit organization that was founded to recognize and honour the history of sport in the City and in particular those persons who have made outstanding contributions and achievements in the development of sport within the community. The BSHF will collect, preserve, research, exhibit and promote all those objects, images and histories which are determined to be significant to the development of sport in the City.

7. Brampton Marketing Board, Greater Toronto Area and Greater Toronto Marketing Alliance Trust Funds:

The Brampton Marketing Board (the "BMB"), the Greater Toronto Area (the "GTA") and the Greater Toronto Marketing Alliance (the "GTMA") Trust Funds were established to hold contributions made from the development and business community. The Trust Funds were formed as partnerships between the BMB, the GTA and the GTMA. Their mandate is to attain corporate and municipal sponsorship of marketing initiatives for the City, the GTA and the GTMA.

8. Risk management:

The Trust Funds are not exposed to any significant liquidity, interest rate, credit, market or cash flow risk.

Appendix C

The Corporation of the City of Brampton 2024 Municipal Surplus Reconciliation, Tax Levy purposes vs Consolidated Financial Statements ('000)

	2024	2023
Surplus per CityWide Operating Summary, December 31 (for tax levy purposes)	\$ -	\$ -
Add: Net interfund transfer eliminated in consolidation	87,175	108,521
Add: Grants/subsidies and other revenue received directly by Capital projects	24,167	16,249
Add: Interest earned on reserves and reserve funds not included in the City's operating budget for tax levy purposes	17,789	16,868
Add: Obligatory reserve fund revenues recognized during the year	164,012	222,858
Add: Developers contributed assets recognized as municipal equity	80,555	45,975
Add: Safe Restart/COVID-19 Revenue earned	-	18,481
Add: Gain on acquisition (CAA Center)	11,088	-
Less: PSAB adjustments re employee post retirement benefits and other legal liabilities	11,381	6,369
Less: Expenses charged to Capital projects are reclassified as operating in nature	105,928	119,530
Less: Amortization expense	162,449	161,308
Less: Net cost of tangible capital assets disposed	2,756	39
Total municipal surplus before consolidation	102,272	141,706
Consolidated entities surplus/(deficit) and other	11,287	2,666
Total annual surplus per Consolidated Statement of Operations , December 31	\$ 113,559	\$ 144,372



The Corporation of the City of Brampton

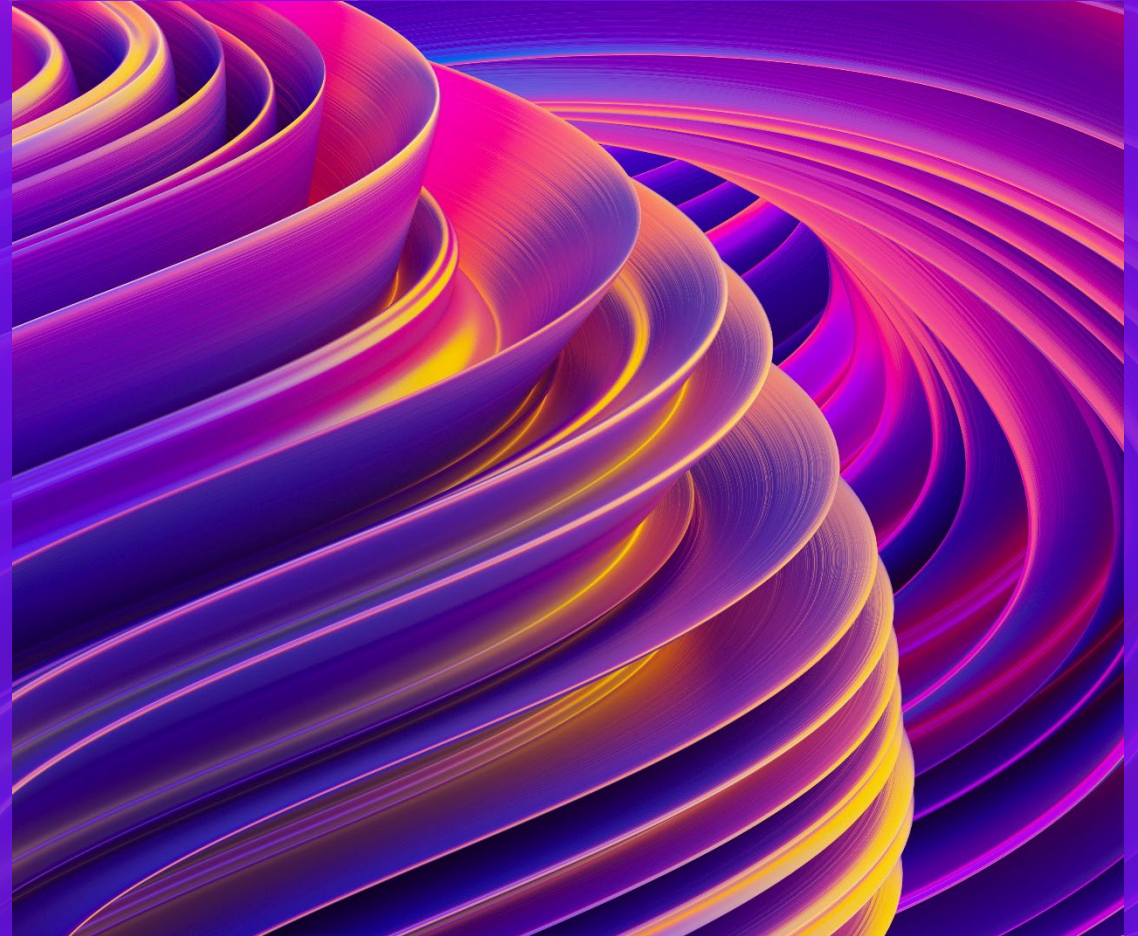
**Audit Findings Report
for the year ended
December 31, 2024**

KPMG LLP

Licensed Public Accountants

Prepared as of April 21, 2025 for presentation on June 10, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



Maria Khoushnood

Lead Audit Engagement Partner

416-228-7082

mkhoushnood@kpmg.ca



Natasha Teja

Audit Manager

604-673-4430

nteja@kpmg.ca



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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

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Highlights

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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 City 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

Status

We have completed the audit of the consolidated financial statements (“financial statements”) of the Corporation of the City of Brampton (the “City”), 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



Presumed risk of management override of controls



Other risks of material misstatement



- Employee future benefits liabilities
- Tangible capital assets
- Contingencies
- Consolidation

Policies and practices



Accounting policies and practices



Corrected and Uncorrected misstatements



Corrected and Uncorrected misstatements

Control deficiencies

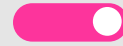


Significant deficiencies



- We did not identify any significant control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See slide 13 for certain required communications regarding control deficiencies.

Audit Quality



Learn more about how we deliver audit quality



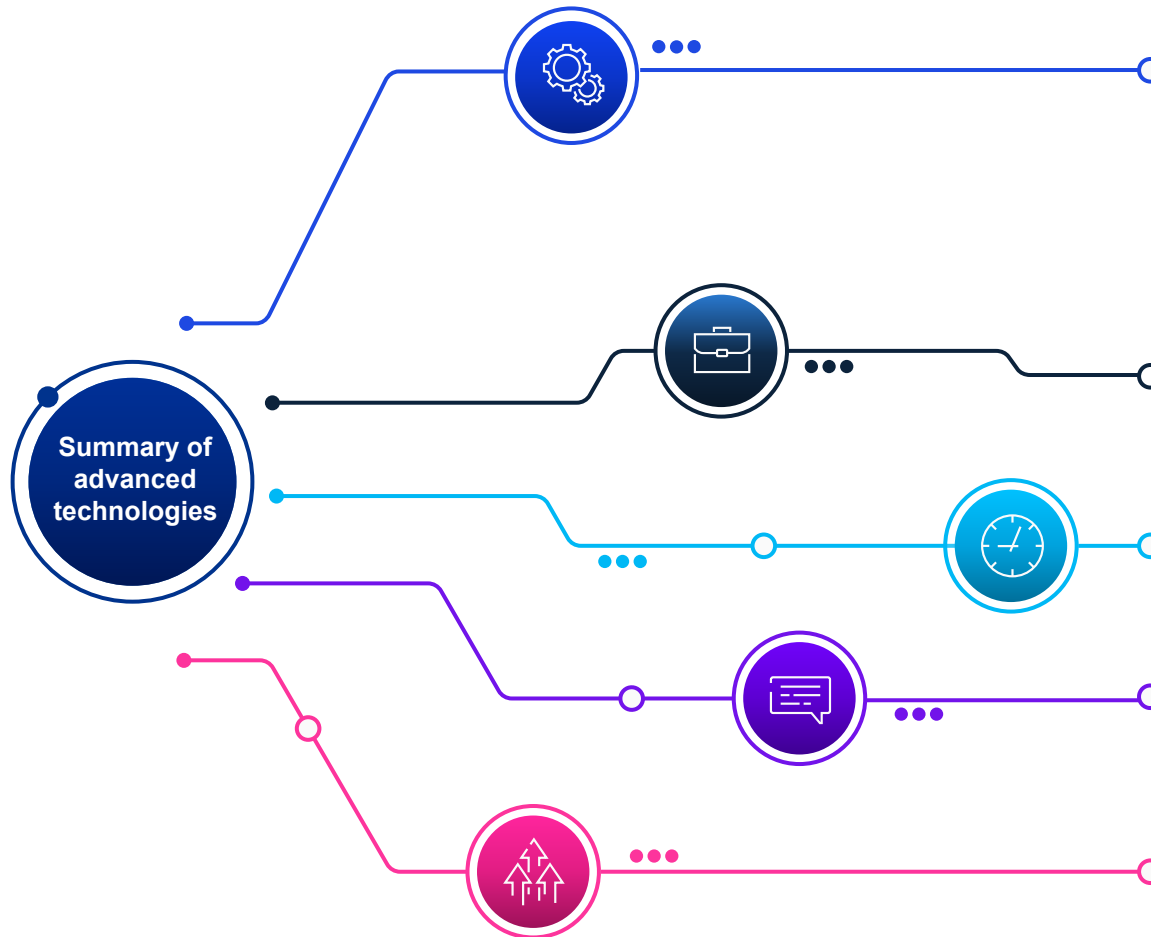


Technology highlights

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 (KCc)

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:

- Completion of audit procedures for investments section
- Final review of certain audit procedures
- 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 **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.





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 liabilities

Other risks of material misstatement	Estimate?
<p>Employee future benefits represent a liability computed by management’s actuarial experts. A full actuarial study of the obligation was performed as at December 31, 2022. As the employee future benefits liabilities are significant and complex estimates, KPMG actuarial specialists were involved in completing the audit procedures.</p>	Yes
Our response	
<ul style="list-style-type: none">• 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	
<ul style="list-style-type: none">• Based on our review of the memo prepared by the Actuary, we noted that method applied for the estimate is acceptable per the CIA and PSAS 3250 Retirement Benefits.• We assessed the key assumptions used by the actuary in light of the City’s financial results. We also performed a sideways glance to compare the assumptions used by the actuary for the City 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 4.50% (2023 – 4.50%) were used for the determination of the 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 as at December 31, 2024 are outlined in note 8 to the financial statements.• Based on the audit work performed, we did not note any issues related to the calculation of the City’s employee benefits liability as at December 31, 2024.	



Other risks of material misstatements and results



Contingencies

Other risks of material misstatement

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.

The City has disclosed the self insurance liability in notes 14 and 16 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 City’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 City are reasonable.



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 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 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 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 misstatement and results



Consolidation

Other risks of material misstatement

Estimate?

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

No

- Brampton Public Library Board
- Downtown Brampton Business Improvement Area

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

Our response and findings

- Each of the entities and organizations noted above are considered non-significant components to the City's financial statements. For each of these entities and organizations, there is a required statutory audit performed. These individual audits of are performed by the same audit team as for the main City.
- 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.
- 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 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 1(x) 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(q).



Audit quality - How do we deliver audit quality?

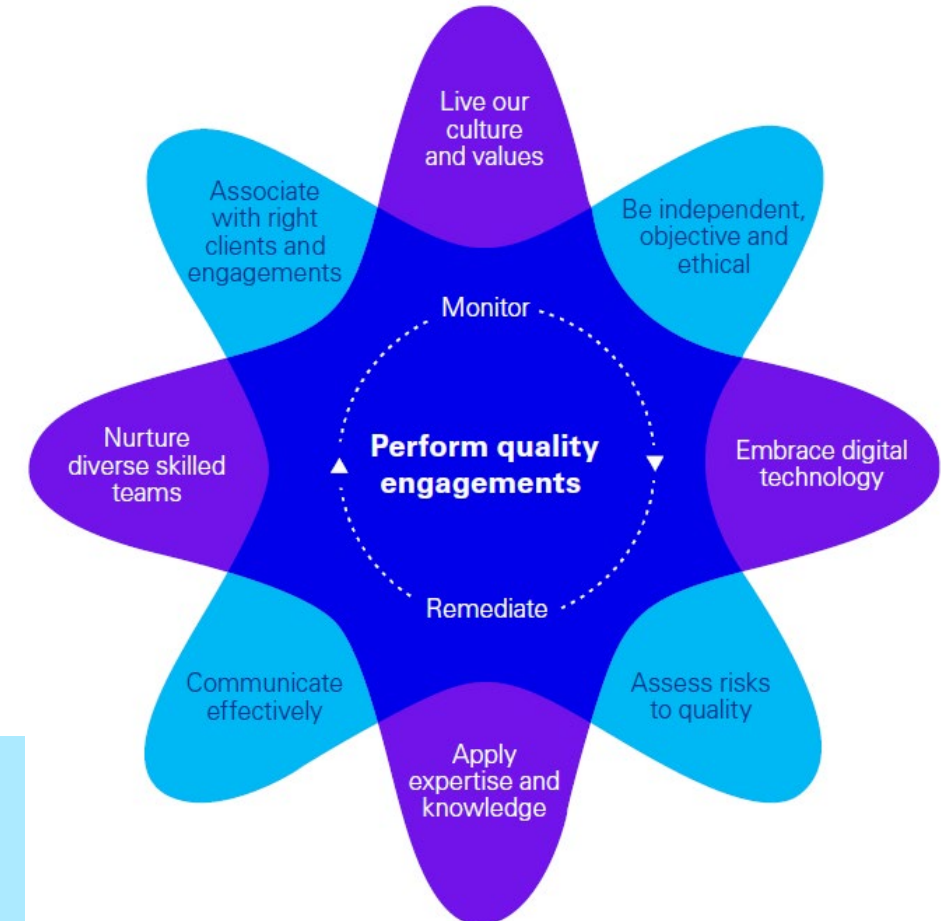
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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



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 City? 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 City'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 City'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 City entered into any significant unusual transactions?
- What is the Audit Committee's understanding of the City's relationships and transactions with related parties that are significant to the City?
- 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 City'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 City'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 City of Brampton)

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

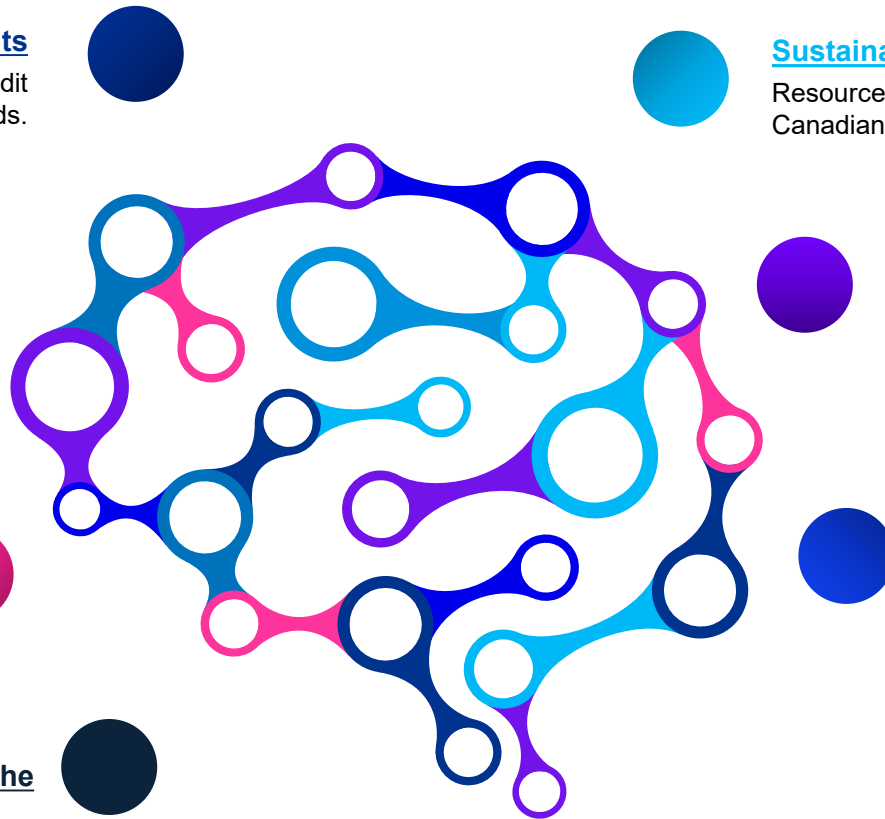
Resource centre on implementing the new Canadian reporting standards

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.





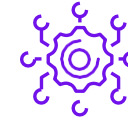
Appendix F: Unleashing tomorrow - today with AI

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.

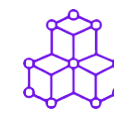
It's not just about tech; it's about people, striving to ensure smooth transitions and unlocking human potential alongside AI innovations.

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



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.

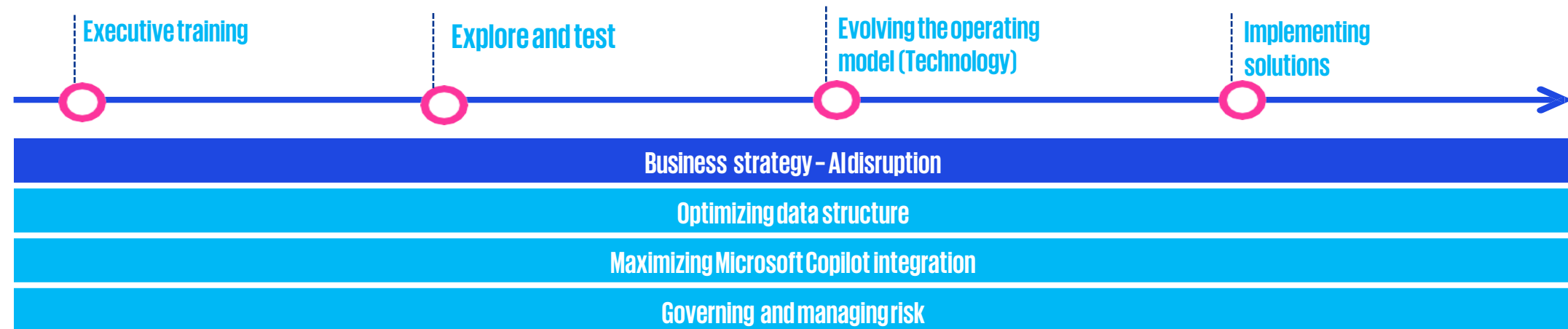


Competitive edge

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.





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.





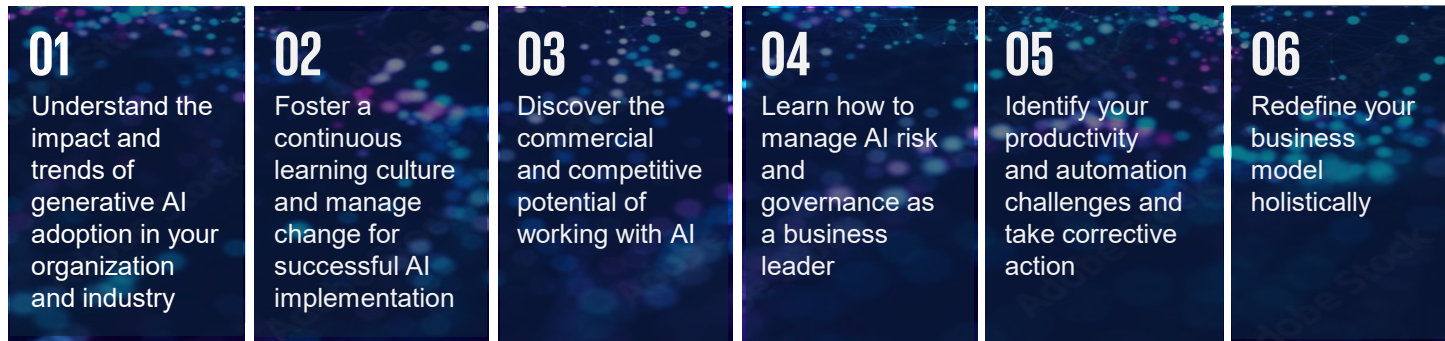
Appendix F: AI Education and Training for executives & boards

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.

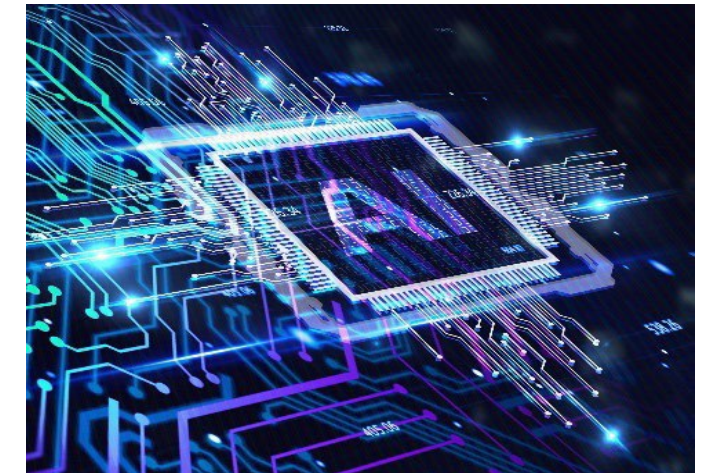
Executive and board training

- 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>

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