



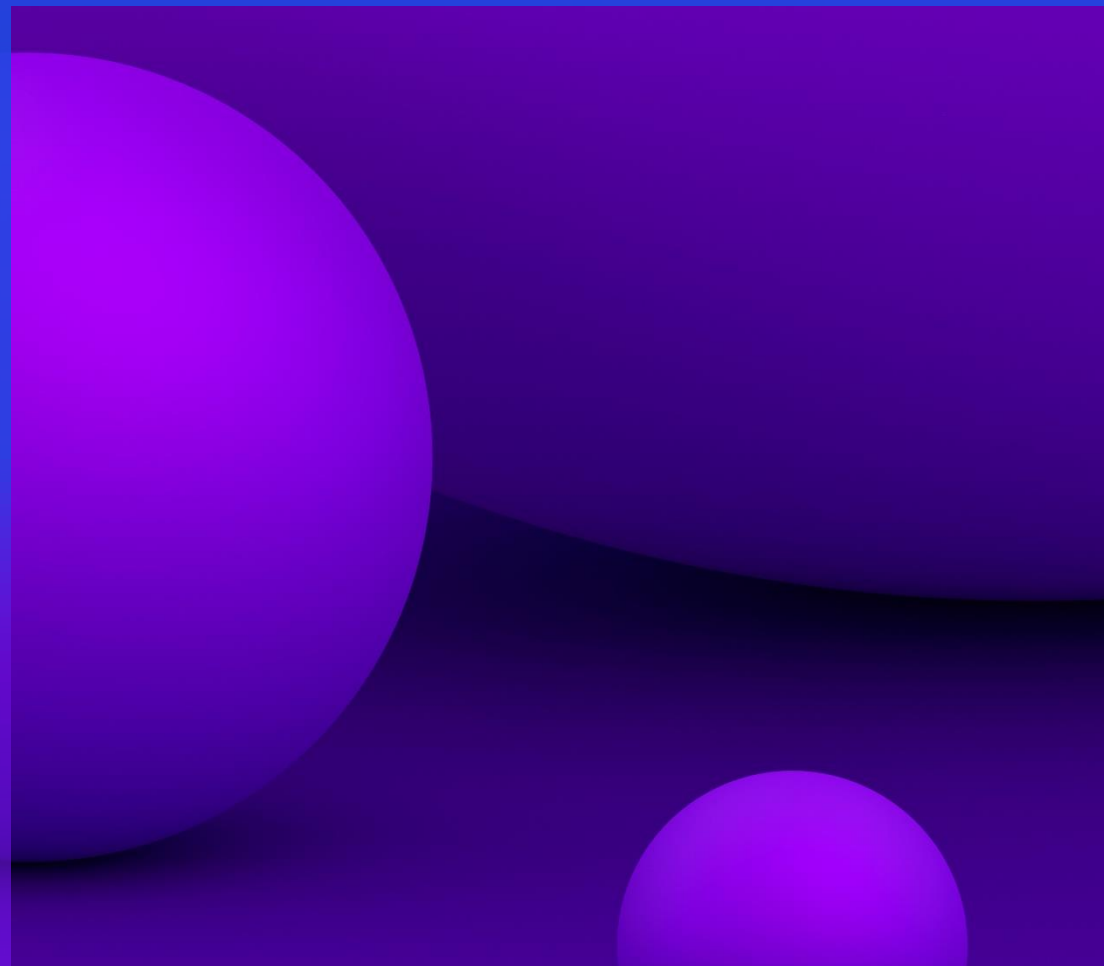
# City of Edmonton

**Audit Planning Report  
for the year ending  
December 31, 2025**

*KPMG LLP*

Prepared as of November 21, 2025 for presentation to the Audit  
Committee on December 10, 2025

[kpmg.ca/audit](https://kpmg.ca/audit)



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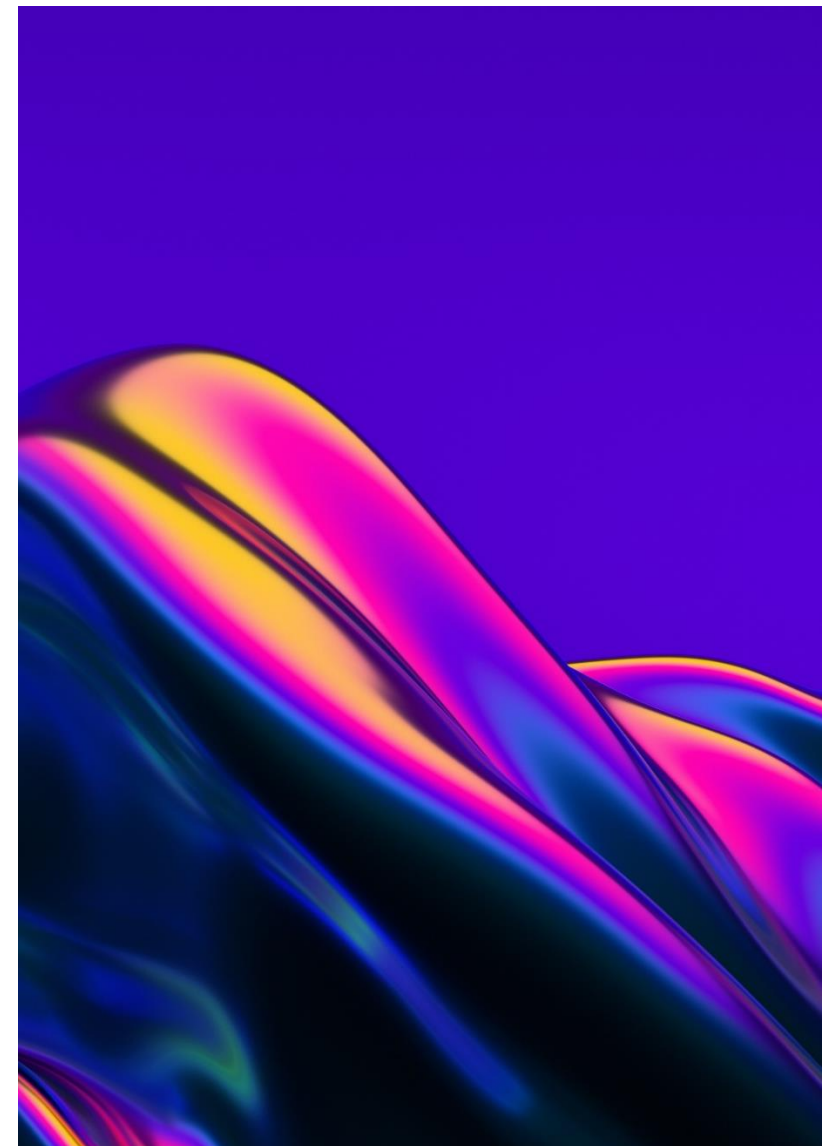


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This Audit Planning Report is also available as a “hyper-linked” PDF document.

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.



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# Audit highlights

## Scope

Our audit of the consolidated financial statements (“financial statements”) of the City of Edmonton (“the City”) as of and for the year, ending December 31, 2025, will be performed in accordance with Canadian generally accepted auditing standards (“CAS’s”). In addition to our audit of the financial statements of the City, we have also been engaged to report on the following for the year ending December 31, 2025.

- Financial statements of the City of Edmonton Combined Pension Fund financial statements;
- Financial statements of the City of Edmonton Pension Fund Financial Statements for the Firefighters Supplementary Pension Fund which is prepared to comply with Section 14(3) of the Employee Pension Plan Act (Alberta) R.S.A. 2000, C.E-8, as amended;
- Financial statements of the City of Edmonton Employee Benefit Plans including individual statements for the Group Life Plan, Dependent Group Life Plan, Dental Plan, Long Term Disability Plan and Major Medical and Supplementary Hospital Plan Fund;
- City of Edmonton Municipal Financial Information Return (“MFIR”) which is prepared to comply with Section 277 of the Municipal Government Act R.S.A. 2000, C.M.-26, as amended;
- Family and Community Support Services (“FCSS”) grant reporting; and
- Various other grant reporting, as required by Administration.

Further, we have been separately engaged and will separately report on the following entities for the year ending December 31, 2025. The below entities are included within the consolidated financial statements of the City:

- EPCOR Utilities Inc.;
- The City of Edmonton Library Board;
- The City of Edmonton Non-Profit Housing Corporation;
- Explore Edmonton Corporation;
- Edmonton Unlimited; and
- Fort Edmonton Company.

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Administration, 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 to the Audit Committee 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 further audit response



Audit response – see link for details

## Audit strategy

**Materiality \$108 million**

Involvement of others

## Audit strategy - Group audit

Total	Total assets	Total revenue	
Total tested	98%	89%	

## Collective approach

Throughout the audit process we work closely with the Office of the City Auditor to ensure that any findings are appropriately considered in our risk assessment and planned audit procedures.

We will continue to liaise periodically with the Office of the City Auditor.

## Risk assessment

Risk of override of controls

Presumed risk of fraudulent revenue recognition

Other risks of material misstatement

Through our planning and risk assessment procedures, we have not identified any changes to our significant risks identified.

Our identification of other risks of material misstatement reflect our understanding of transactions, events and conditions within the City for the period.

## Independence

We confirm that we are independent of the City and have a robust and consistent system of quality control. We provide complete transparency on all services and follow all of Council's approved protocols with respect to engagement between the City and KPMG.





# Involvement of others

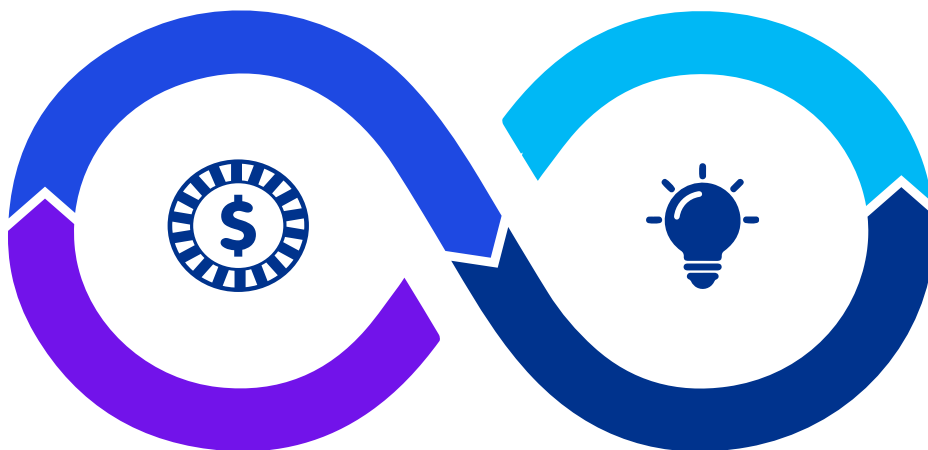
The following parties are involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
Administration's specialists	We rely on the assessments performed by the City's internal legal counsel regarding certain provisions, including expropriation liabilities.
KPMG professionals with specialized skill or knowledge	We plan to involve IT Auditors to review the system of controls in place at StateStreet (the City's third-party investment custodian) by obtaining controls over the custodian's system of controls (SOC 1 reports).





# Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgment**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

## Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

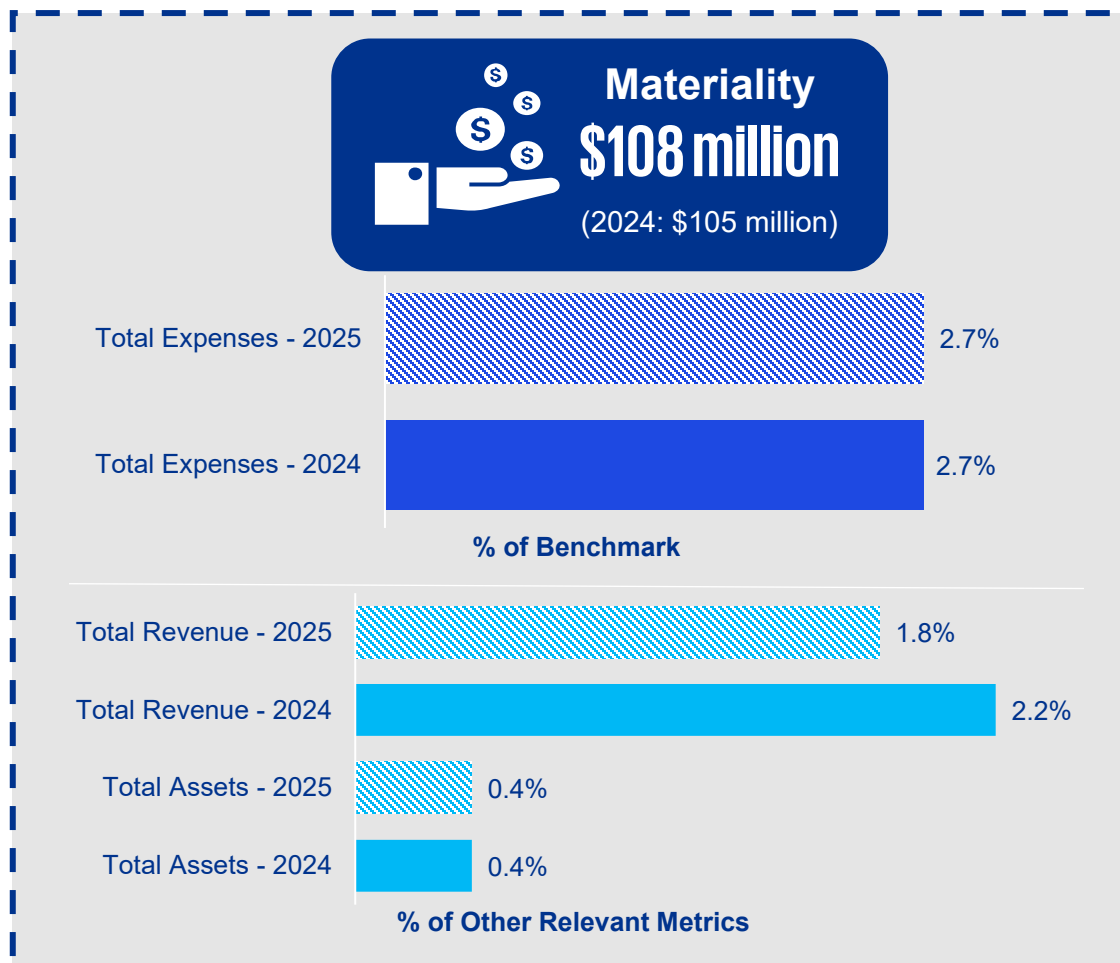
## Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



# Initial materiality



**Total Expenses<sup>1</sup>**  
**\$3.95 billion**  
 (2024 : \$3.82 billion)

**Total Revenue<sup>1</sup>**  
**\$5.93 billion**  
 (2024 :\$4.80 billion)

**Total Assets<sup>2</sup>**  
**\$25.50 billion**  
 (2024 : \$25.50 billion)

1 - For total expenses and total revenue, current-year figures are based on the approved budget, prepared in accordance with Public Sector Accounting Standards and previously adopted by Council. Comparative figures for the prior period reflect the actual amounts reported in the December 31, 2024 audited consolidated financial statements of the City.

2 - Total assets are presented using the actual amounts reported in the December 31, 2024 financial statements.



# Group audit – Scoping

A group audit means we look at the financial information of the City as a whole (referred to as “the group”), even though it may include the financial results of various distinct departments, business areas or controlled organizations (referred to as “components”). We focus our audit procedures on the components that matter most to the overall financial statements, which is called ‘scoping.’ We decide which components are subject to detailed testing based on factors such as size and risk.

To assess the audit risk of each component, we require an understanding of the group, its environment, and system of internal controls to appropriately identify, assess, and plan responses to risks of material misstatement to the City as a whole. We perform group-wide risk assessment procedures, and when sufficient information is not available at the group level, we perform risk assessment procedures at a component level in order to appropriately identify, assess, and plan responses to risks of material misstatement to the group.

We respond to identified and assessed risks of material misstatement to the City by performing further audit procedures at certain components. The chart below outlines the extent of testing over the various components of the City. More details are provided in the [Appendix A: Group auditor](#).

In performing our audit procedures, we rely on work performed by a separate audit team within KPMG (the “component auditor”), who have been separately engaged to audit the standalone financial statements of EPCOR Utilities Inc.

Further audit procedures to be performed by:	Total assets	Total revenue
Total audited by your City of Edmonton audit team (Group Auditor)	79%	86%
Total audited by EPCOR Utilities Inc. audit team (Component Auditor)	19%	3%
<b>Total tested</b>	<b>98%</b>	<b>89%</b>
Not subject to further audit procedures (i.e., untested)	2%	11%
<b>Total consolidated</b>	<b>100%</b>	<b>100%</b>



# Significant risks



**Override of Controls (non-rebuttable significant risk of material misstatement)**  
**Risk of fraudulent revenue recognition (rebuttable significant risk of material misstatement)**

RISK OF



FRAUD

## Why is it significant?

**Presumption of the risk of fraud resulting from override of controls**

Administration 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 override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

## Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

## Description of risk

**Risk of fraudulent revenue recognition**

There is a presumed risk of fraud with respect to revenue recognition. This risk of fraud in revenue recognition is a rebuttable significant risk under the auditing standards. We have rebutted this risk for the current period for all revenue streams of the City.

Factors considered when rebutting this risk include:

- Limited opportunities to fraudulently adjust revenue recognition due to high predictability of revenues from budgeting processes or the ability to agree revenues to third party objective evidence.
- Revenue recognition is non-complex and does not involve subjectivity.

## Advanced technologies

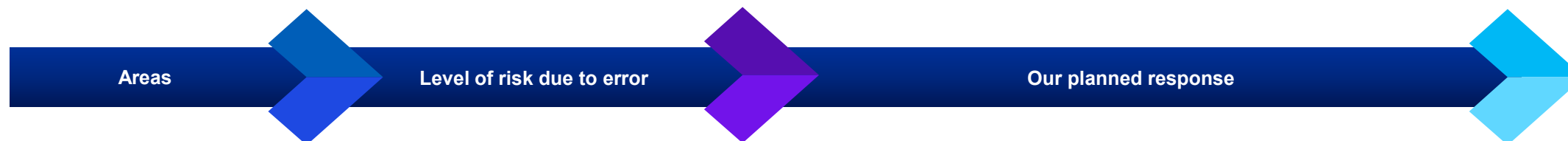
Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)

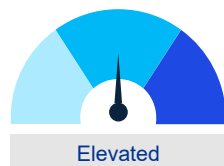


# Other risks of material misstatement



## Accrued liabilities – Expropriation of municipal lands

There is a risk that the estimate of accrued liabilities related to expropriation of municipal lands are not accurately measured.

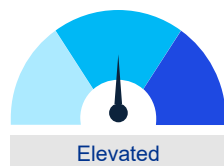


Our planned response includes:

- Update our understanding of the City's processes and key controls around the recognition and measurement of expropriation liabilities.
- Use our understanding of the City's operations and key capital projects, discussions with Administration and our review of Council meeting minutes to determine if significant changes in the estimate are expected.
- Validate key data and assumptions used in deriving the estimate. This will be done on a sample basis.

## Contributed assets

There is a risk that contributed capital asset additions are not accurately measured or recognized.

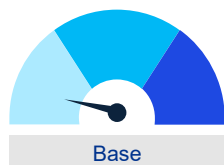


Our planned audit response includes:

- Updating our understanding of the City's processes and key controls around the recognition of contributed tangible capital assets.
- Testing a sample of additions in the current period.

## Tangible capital assets

There is a risk that capital asset additions are not accurately measured or recognized. This includes the risk that assets under construction are not appropriately transferred into services and amortized once available for use.

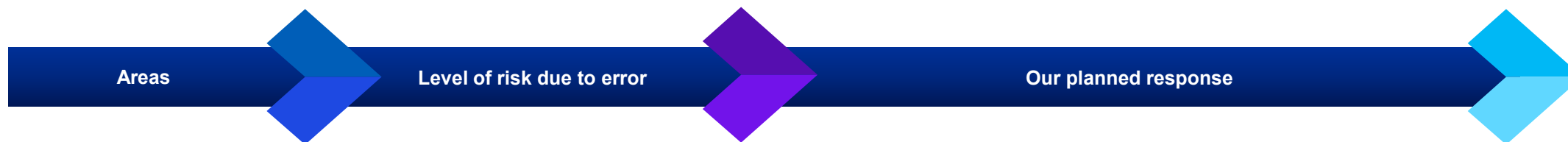


Our planned response includes:

- Updating our understanding of the City's capitalization processes and key controls.
- Testing a sample of additions in the current period.
- Assess whether a sample of projects included in tangible capital assets – under construction are appropriately classified and amortized once available for use.
- We will perform substantive analytical procedures over amortization expense.

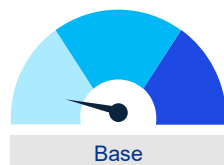


# Other risks of material misstatement



## Recognition of revenue amounts subject to external restrictions

Revenue may not be appropriately recognized for amounts received with external restrictions attached to them, such as government transfers and user fees.

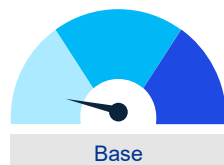


Our planned audit response includes:

- Testing the recognition of amounts subject to external restrictions to ensure they are recognized appropriately and within the terms of the external restrictions.
- Confirming all significant government transfers and other similar inflows received with third party funders.
- For government transfers, validating that the expenses incurred in the period are in compliance with the restrictions imposed by third parties through the inspection of signed agreements and related invoices. This will be done on a sample basis.

## Portfolio investments

There is a risk that investments are not accurately recognized or measured.



Our planned audit response includes:

- Update our understanding of the City's processes and key controls around the recognition and measurement of portfolio investments, including over the fair value of investments at period end.
- Confirming investment accounts with third party custodians.
- Obtaining reports over the investment custodian's system of controls (SOC 1 reports).
- Where investments are recorded at fair value, validate key data and assumptions used in deriving the fair value estimate. This will be done through a risk-based selection.



# Required inquiries of the audit committee



## Inquiries regarding risk assessment, including fraud risks

- What are the Audit Committee's views about fraud risks, including 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 over Administration's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Is the Audit Committee aware of any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Is the Audit Committee aware of any correspondence with regulators or licensing authorities?
- Is the Audit Committee aware of any additional matters relevant to the audit?



## Inquiries regarding City processes

- Is the Audit Committee aware of or have they received 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, what was the Audit Committee's responses to such tips and complaints?
- Has the City complied with all covenants during the financial statement period and before the date of the auditor's report? Have there been any events of default during the financial statement period and before the dates of the auditor's report?



## 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 regarding relationships or transactions with related parties? If so, what is the substance of those concerns?



# Key milestones and deliverables

## Aug- Oct 2025

### Planning & Risk Assessment

- Debrief prior year with
- Kick-off with Administration
- Planning and initial risk assessment procedures, including entity wide risk assessment procedures, group audit scoping and determination of materiality.
- Obtain and update an understanding of the City and its environment through discussion with .

## Nov- Dec 2025

### Risk assessment & Interim work

- Communicate audit plan to the Audit Committee
- Evaluate the Entity's components of internal control, other than the control activities component
- Perform early audit work, including procedures over the adoption of new accounting standards

## Feb- Mar 2026

### Final Fieldwork

- Perform remaining audit procedures
- Evaluate the results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures

## Apr 2026

### Reporting

- Closing meeting with Administration
- Present audit results to the Audit Committee and perform required communications
- Issue audit report on financial statements
- Issue audit report on financial information return



# Our commitment to delivering audit quality

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** ; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders.

Businesses are integrating technology in ways once unimaginable. Geopolitical changes and inflationary pressures continue to drive uncertainty, and businesses need to take action to respond to societal threats like climate change.

The pace and scale of change only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG.

Through sustained innovation, we aim to consistently deliver superior audit quality. Across the global organization:

- KPMG firms have implemented a consistent risk-based approach to our system of quality to drive audit and assurance quality, enabling us to meet the requirements of the International Standard on Quality 1 (ISQM 1).
- We are utilising powerful technologies on audit and assurance engagements, including artificial intelligence, and leveraging our alliances with technology leaders such as Microsoft to further enhance quality and provide even more value through deeper analysis of businesses, no matter their size.
- We believe the same level of rigour, quality, consistency and trust that is applied to financial statement information by companies should also apply to ESG reporting. Therefore, across the global organization we have deployed an assurance methodology, KPMG Clara workflow and learning tools to upskill and build teams to provide assurance on ESG reporting that helps our clients build a more sustainable future.

We encourage you to read our Transparency Report to learn more about our system of quality and our firm's statement on the effectiveness of our SoQM:



[KPMG Canada Transparency Report](#)



# How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority.

We have strengthened the consistency and robustness of our system of quality to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality, KPMG's globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM 1), our SoQM meets 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.

Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.



'**Perform quality engagements**' sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.



Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.



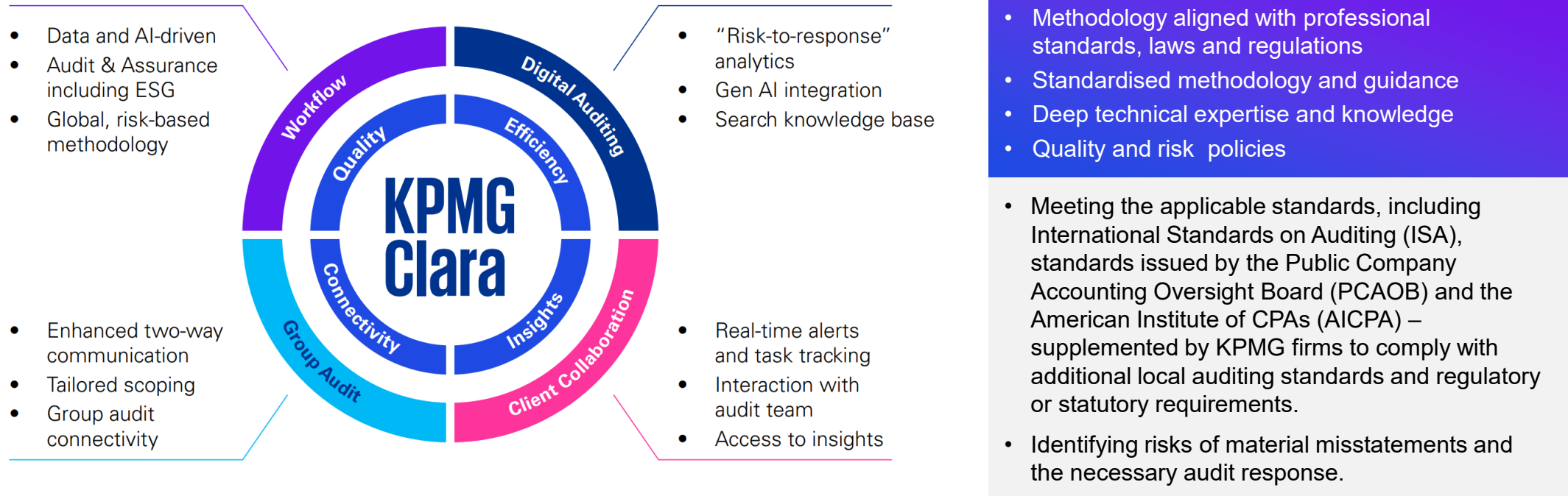
## Doing the right thing. Always.



# The KPMG Audit

## Globally consistent audit and assurance methodology and tools

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies through data-enabled workflows, which align with the applicable audit and assurance standards and provide an improved experience to audit and assurance professionals.





# Appendices



Group Audit



Regulatory communications



Upcoming accounting standards



Navigating AI – Training Series




Technology





# Appendix A: Group auditor

We respond to identified and assessed risks of material misstatement to the group by performing further audit procedures within specific components. We may determine that procedures should be performed over the consolidated balance, for example, where the financial transactions are managed centrally within the City's corporate functions. This includes the City's portfolio investments and tangible capital assets.

Components of the Group where further audit procedures are planned to be performed	Subject to further audit procedures	
	Total assets (in millions)*	Total revenue (in millions)
 Component		
Accounts audited at the group level (i.e., consolidated balance tested)	\$20,047,591	\$2,744,860
Corporate programs, EdTel Endowment Fund and Balanced Fund	\$631,407	\$812,960
Transportation Operations and Edmonton Transit	\$267,648	\$ -
City Centre Airport Lands and Land Enterprise	\$239,713	\$ -
Waste Services	\$ -	\$182,289
EPCOR Utilities Inc.	\$5,172,092	\$150,750
<b>Total audited by City of Edmonton Audit Team (\$)</b>	<b>\$21,186,359</b>	<b>\$3,740,109</b>
<b>Total audited by City of Edmonton Audit Team (%)</b>	<b>79%</b>	<b>86%</b>
<b>Total audited by EPCOR Utilities Inc. Audit Team (\$)</b>	<b>\$5,172,092</b>	<b>\$150,750</b>
<b>Total audited by EPCOR Utilities Inc. Audit Team (%)</b>	<b>19%</b>	<b>3%</b>



# Appendix A: Group auditor

**Nature of our planned involvement in the work of component auditors:** Our approach is summarized as follows:

<b>Determine the nature and extent of involvement</b>	<p>We plan to direct, supervise and review the work of all component auditors. The nature and extent of our direction, supervision and review of the work performed by component auditors is affected by:</p> <ul style="list-style-type: none"> <li>• whether the risk assessment procedures that we perform at the group level provide us with enough information to identify and assess the group risks at the component;</li> <li>• the nature and circumstances (e.g. significance of the risks, judgments and size) of the component to the group audit;</li> <li>• the competence and capabilities of the component auditor; and</li> <li>• significant matters arising from communications with the component auditor.</li> </ul>
<b>Robust direction through instructions and two-way communications</b>	<p>As part of our direction, we plan to issue detailed group audit instructions to component auditors, which will cover:</p> <ul style="list-style-type: none"> <li>• the component auditor's responsibilities, including: <ul style="list-style-type: none"> <li>• compliance with the relevant ethical requirements, including those related to independence, applicable to the group audit</li> <li>• the performance of risk assessment procedure at the component (when the risk assessment procedures that we perform at the group level do not provide us with enough information to identify and assess group risks of materiality misstatement at the component)</li> <li>• the performance of further audit procedures (e.g., control testing and/or substantive testing) on specific risks of material misstatement to the group financial statements, such as the significant risks communicated to you in the Risk Assessment section of this Audit Planning Report.</li> </ul> </li> <li>• matters relevant to their work and instructions relating to its performance.</li> </ul> <p>As part of our direction, we plan to involve component auditors in the group audit risk assessment and planning discussions.</p>
<b>Comprehensive supervision and review through two-way communications</b>	<p>As part of our supervision and review, we plan to request the component auditor to communicate matters throughout the audit process that are relevant to the group audit, including:</p> <ul style="list-style-type: none"> <li>• confirmations relating to having appropriate resources to perform the work</li> <li>• compliance with relevant ethical requirements including independence</li> <li>• the results of the performance of the work requested in our instructions, including those related to risk assessment and further audit procedures</li> <li>• significant matters arising from their work, such as control deficiencies and misstatements identified.</li> </ul> <p>In addition, we plan to review the underlying documentation of certain component auditors, either remotely or physically, based on quantitative factors (e.g., size of the components total assets or revenue to the group) and qualitative factors (e.g., the significance of the risks of material misstatement being addressed at the component).</p>



# Appendix B: Regulatory communications



## 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](#)
- [CPAB Audit Quality Insights Report: 2025 Interim Inspections Results](#)



## Engagement letter

This audit is governed under the Contract for External Audit Services between the City of Edmonton and KPMG. Administration has access to a copy of the contract.



# Appendix C: Upcoming accounting standards



## Conceptual Framework for Financial Reporting in the Public Sector



The Conceptual Framework will be effective for fiscal years beginning on or after April 1, 2026. This 10-chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial statement objectives. This includes foundational concepts and principles impacting preparers, auditors, users, and standards development. The Conceptual Framework introduces various presentation and terminology changes impacting net debt, liabilities, and the statement of remeasurement gains/losses.

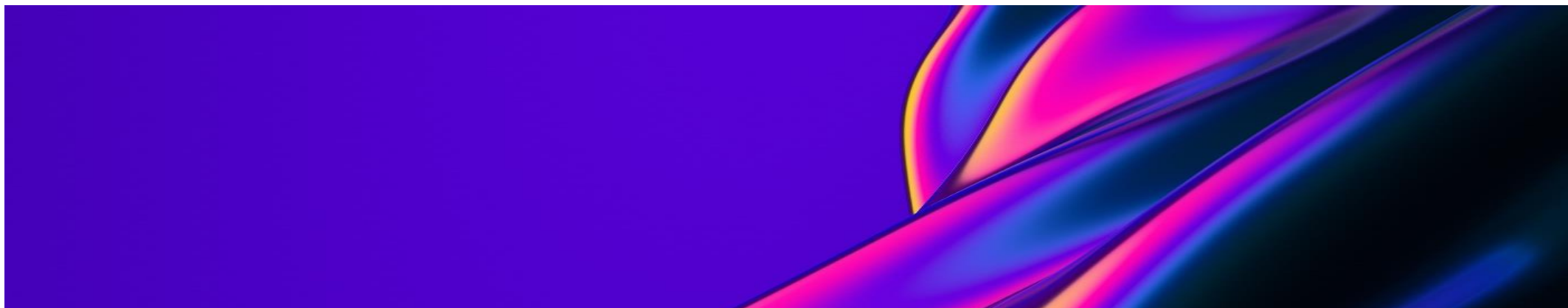


## PS1202 - Financial Statement Presentation



PS 1202 – *Financial Statement Presentation* will be effective for fiscal years beginning on or after April 1, 2026. PS 1202 introduces a revised financial reporting model intended to make public sector financial statements more understandable and transparent. This includes the introduction of two new statements:

- The statement of net financial assets and net financial liabilities, which focuses on the affordability aspect of financial position.
- The statement of changes in net assets or net liabilities, which presents the changes in the various components of net assets or net liabilities as a result of the entity's activities in the period (including accumulated remeasurement gains and losses, accumulated other, and share capital where relevant).





# Appendix D: Navigating AI – Training Series

Through the **Navigating AI: A Practical Guide for Public Servants** training series, IPAC is helping build the knowledge and confidence public servants need to understand and apply artificial intelligence in their daily work.

- A national training series **hosted by IPAC in collaboration with Microsoft and our training delivery partner KPMG.**
- Over **20,000 public servants** have participated in IPAC training programs to date.
  - By Level of Government:
    - Federal: 38%
    - Provincial/Territorial: 44%
    - Municipal: 9%
    - Unidentified: 9%
- The current AI Skills Training Series has already registered **more than 7,000 participants** across all levels of government.



[REGISTER HERE](#)



# Appendix E: Our technology story



## Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



## Secure

A secure client portal provides centralized, efficient coordination with your audit team.



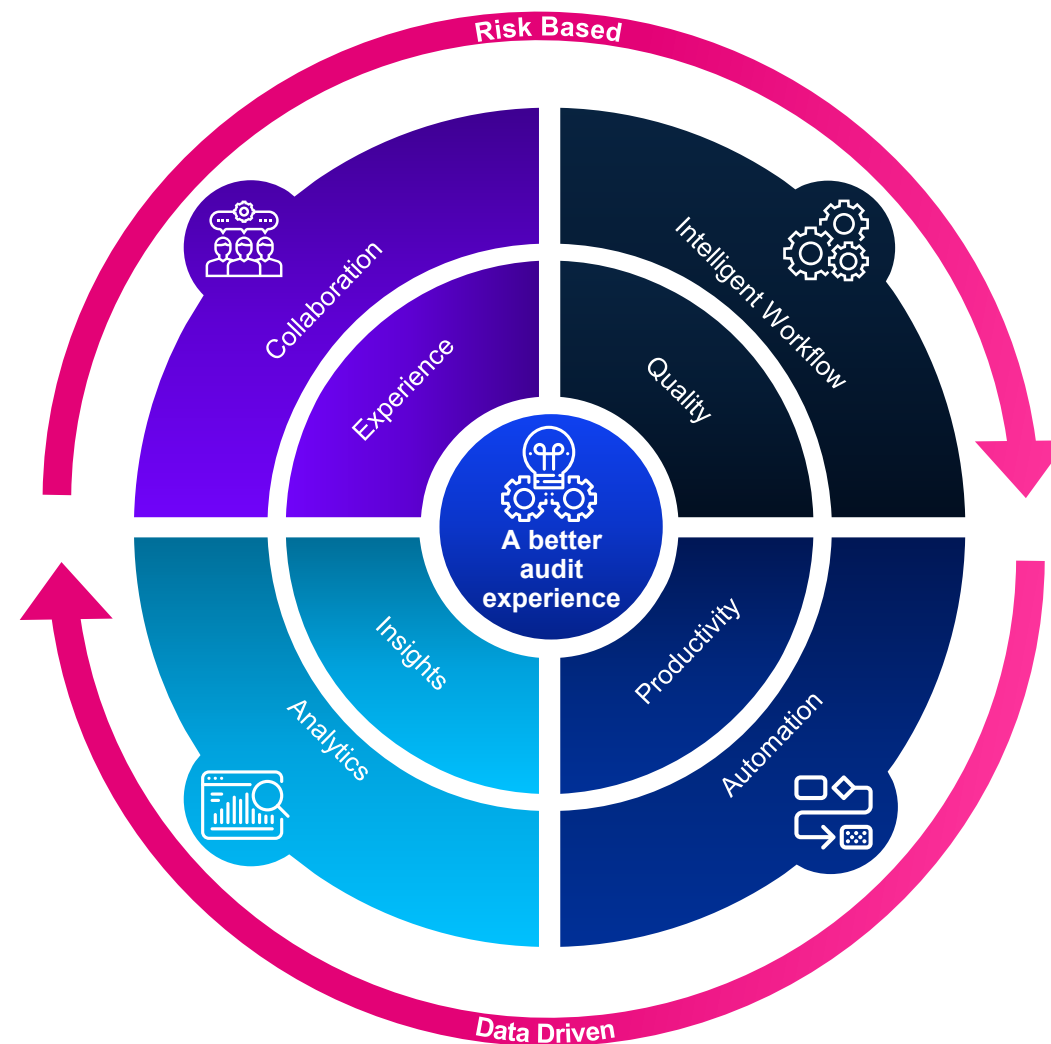
## Intelligent workflow

An intelligent workflow guides audit teams through the audit.



## Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.





# Appendix E: Expanding the use of audit technology

The combination of our innovative tools and automated audit procedures, enables us to provide you with an audit with distinct advantages:

- **Higher quality audit** – looking at 100% of selected data.
- **A more efficient audit** – as we are focused on the transactions that are considered higher risk and manual procedures are removed.
- **An audit that is less disruptive to your organization** – we will automate certain procedures that would otherwise require support and intervention.
- **A timelier audit** – as we will leverage technology to provide flexibility in when audit work is conducted throughout the year.
- **Real time insights into your organization** – as our combined use of technology in your audit with our industry knowledge.

Below we have outlined some of the ways that we will integrate technology into your audit.



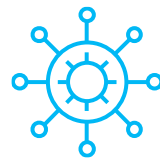
## Analytics

- [AI Transaction Scoring](#)
- Data Visualization



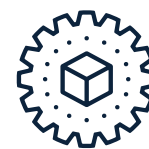
## Automation

- Confirmation
- [DataSnipper](#)
- Offset Remover



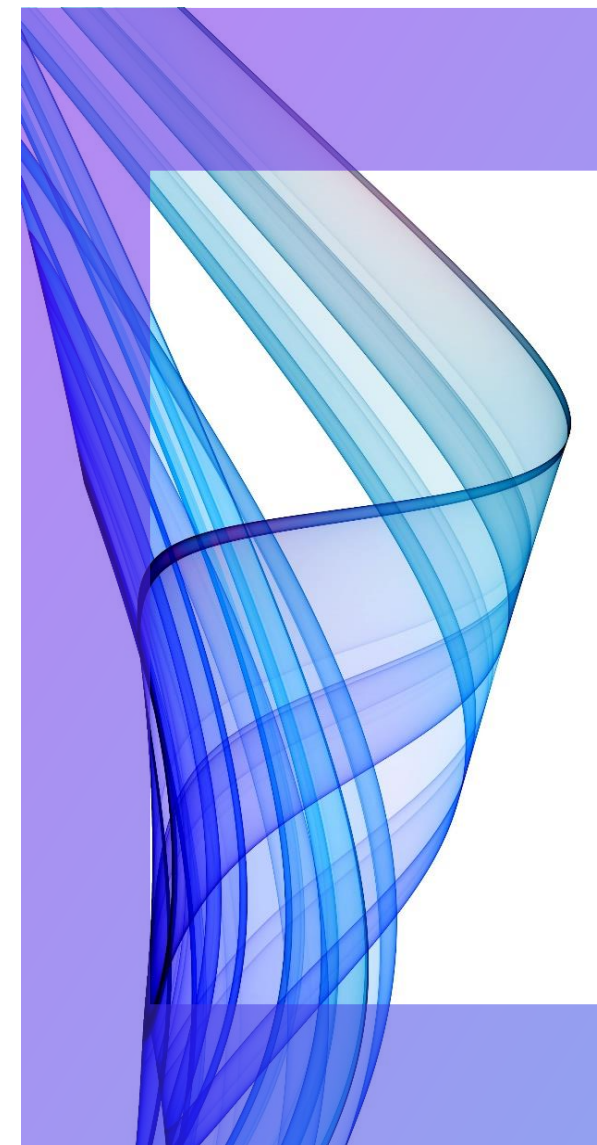
## Collaboration

- DocuSign™
- [KPMG Clara for Clients](#)



## Workflow

- KPMG Clara Workflow
- Journal Entry Analysis
- Planning Analytics





# Appendix E: Continuous evolution

## Our continued investment

We continue to expand our strategic alliance partnerships with Microsoft and MindBridge to bring AI to the future of audit.

## Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

## Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





# Appendix E: Next-generation technology

## AI empowerment leading to focused insights

### Insights

### Now

### Near

### Next

#### AI boosting Insights

- Generative AI Chat embedded directly in the workflow
- AI enabled assistants (compare, prepare, summarize, review)
- AI Transaction scoring and D&A to provide targeted insights

#### A better audit experience

#### AI Agents working to enhance the audit experience

- AI agents embedded in the workflow
- Expanded AI transaction scoring and D&A
- AI generated process documentation

#### AI Vision

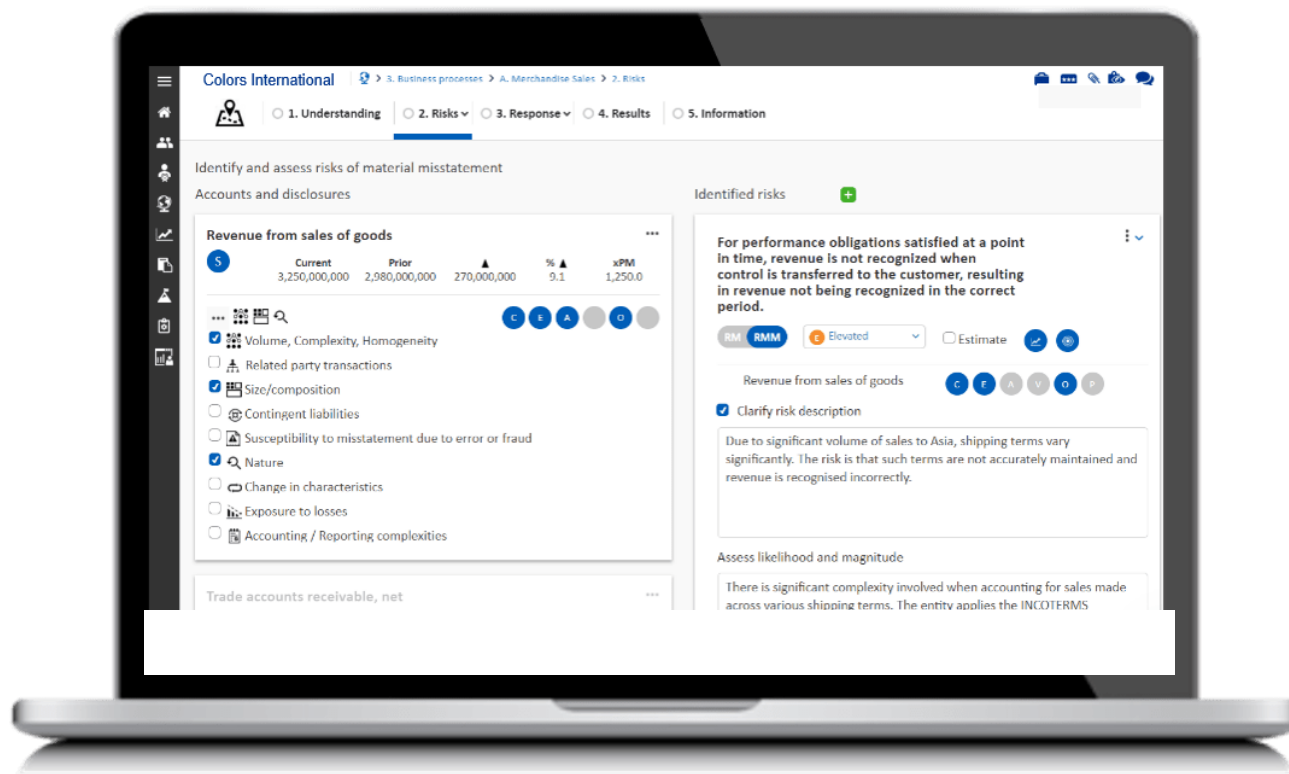
- Automated data extraction maximizing algorithmic testing approach
- AI enabled workflow for enhanced real-time insights
- A data driven audit that leverages embedded knowledge to help the audit team design a customized audit approach

We maximize quality and insights through a data-enabled, AI-powered platform



# Appendix E: KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embedded Generative AI into our smart audit platform—KPMG Clara. This makes our auditors more productive and gives them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



## AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.



## Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.



## Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.



## Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.



[kpmg.ca](https://www.kpmg.ca)

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