Corporation of the City of
NEW WESTMINSTER

Attachment 1

Corporation of the City of New Westminster

Audit Planning Report for the year ending

December 31, 2024

KPMG

Corporation of the City of New Westminster

Audit Planning Report for the year ending December 31, 2024

KPMG LLP

Prepared as of January 17, 2025 for presentation on January 27, 2025

kpmg.ca/audit

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The purpose of this report is to assist you, as a member of Council, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Management and Council of the City of New Westminster 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 Council has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Digital use information

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.

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

Audit highlights

No matters to report

Matters to report – see link for details

Scope

Our audit of the financial statements of The Corporation of the City of New Westminster ("the City") as of and for the year ended December 31, 2024 will be performed in accordance with Canadian generally accepted auditing standards.

Audit strategy

Materiality $6,900,000

Involvement of others

Updates to our prior year audit plan

Risk assessment

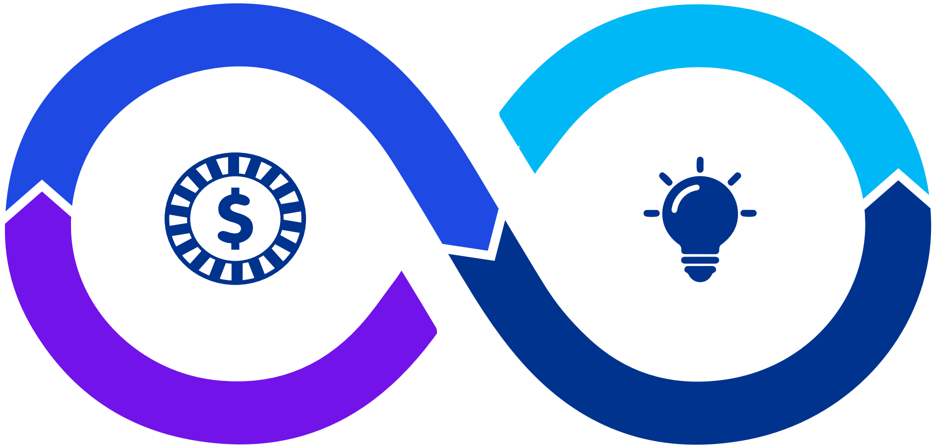
Risk of management override of controls

Other significant risks

Other risks of material misstatement

- Revenue
- Development cost charges
- Tangible capital assets
- Employee future benefits

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 judgement***, 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

Materiality

$6,900,000

(2023: $6,500,000)

Benchmark: Total expenses

$249,700,000

(d

Percentage of benchmark

2.8%

(2023: 2.8%. The allowable range is between 0.5% to 3.0%)

Audit misstatement posting threshold

$345,000

(2023: $325,000)

Involvement of others

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

Involved party	Nature and extent of planned involvement
Management's specialist - Actuary	**Employee benefit obligation:** Information provided by Management's external actuary is used in the determination of employee benefits obligation.

Updates to our prior year audit plan

New significant risks

There were no new significant risks identified for the year.

Other significant changes

Newly effective accounting standards

New accounting standards effective for the year ending December 31, 2024 include:

- PS 3400 Revenue
- PS 3160 Public private partnerships
- PSG 8 Purchased Intangibles

Based on our preliminary discussions with management, PS 3160 and PSG-8 are not expected to have a material impact on the City's financial statements. We are in the process of working with management on their implementation of PS 3400.

Newly effective accounting standards

Newly effective auditing standards

There is a new auditing standard effective for year ending December 31, 2024 related to group audit considerations.

Newly effective auditing standards

Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the City and its environment (e.g. the sector, the wider economic environment in which the City operates, etc.), our understanding of the City’s components of its system of internal control, including our business process understanding.

		Risk of fraud	Risk of error	Risk rating
●	Management override of controls	✓		Significant
●	Revenue		✓	Base
●	Development cost charges		✓	Base
●	Tangible capital assets		✓	Base
●	Employee future benefits		✓	Base

● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISTATEMENT

Significant risks

Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF FRAUD

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

Why is it significant?

Section 240.32 of Canadian Auditing Standards states: “Management is in a unique position to perpetrate fraud because of management’s 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 is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.”.

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

Required inquiries of Council

Inquiries regarding risk assessment, including fraud risks

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

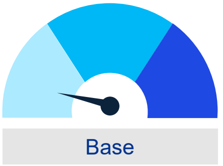
Inquiries regarding processes

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

Inquires regarding related parties and significant unusual transactions

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

Other risks of material misstatement

Areas	Level of risk due to error	Our planned response
Revenue The new accounting standard PS 3400 Revenue is effective for the City's 2024 reporting year. The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. The new standard applies to revenue transactions that are not already in scope of other PSAB accounting standards or voluntary contributions.		• Update our understanding of the process activities over various revenue streams. • Obtain and evaluate updated significant accounting policies applied to revenue to ensure they comply with the new accounting standard. • Perform substantive procedures on significant adjustments as a result of adopting the new accounting standard.

Other risks of material misstatement

Areas	Level of risk due to error	Our planned response
Development cost charges ("DCC") Deferred development cost charges ("DCC") are deferred upon receipt and are restricted for the purposes of capital projects. As these amounts are received for specific purposes, they are recorded as a liability and the revenue is matched against the related expenses when incurred. DCC are not in scope of the new revenue standard and continue to follow existing guidance. .	 Base	• Update our understanding of the process activities and controls for DCC. • Select a sample of DCC contributions, recalculate the total amount, agree each factor in the calculation to supporting documentation (e.g. approved rates) and agree the amount recorded to cash receipts or letters of credit. • Select a sample of DCC expenditures and agree the amount recorded to supporting documentation. • Select a sample of permits approved in 2024 and ensure that the corresponding DCC was appropriately calculated and recorded. • Select a sample of letters of credit held by the City and confirm the authenticity of the letter of credit with the financial institution. • Perform inquiries with management regarding agreements that are non-standard and involve forgiveness or prepayment of DCC's, and inspecting the underlying agreements, if any, to assess the accounting treatment.

Other risks of material misstatement

Areas | **Level of risk due to error** | **Our planned response**

Tangible capital assets ("TCA")

Each year, the City incurs capital expenditures which are recorded as TCA. Coordination is required between the Finance and other City departments to ensure that all projects and assets are accounted for appropriately.
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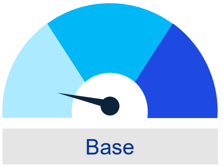
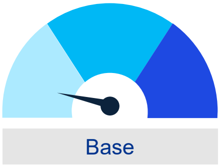


- Update our understanding of the process activities and controls for TCA.
- Select a sample of TCA additions, including developer contributed assets, and agree the amount recorded in the general ledger to supporting documentation. Ensure each item is recorded in the appropriate TCA category and is appropriate to capitalize.
- Select a sample of TCA disposals and agree any proceeds from the disposition to cash receipts. Recalculate the gain/loss recorded and ensure the appropriate net book value of the TCA disposed has been used in the calculation and removed from the TCA register.
- Perform analytical procedures on amortization expense to assess whether the change in the balance from the prior year is reasonable.

Other risks of material misstatement

Areas	Level of risk due to error	Our planned response
Employee future benefits The City provides certain post-employment benefits, compensated absences, and termination benefits to employees. Due to the complexities of the estimate, management has engaged an external actuary to assist in the development of the estimate. .		• Update our understanding of the process activities and controls over development of the employee future benefit estimate. • Obtain the valuation report as prepared by the City's external actuary and review select assumptions used for reasonableness. • Obtain data inputs provided by the City to the external actuary for use in determining the estimate and testing select items to determine accuracy of the data provided. • Review note disclosure in the financial statements to determine if required disclosures under the accounting standards are appropriately included.

Key milestones and deliverables

Nov-Dec 2024
Planning & Risk Assessment

- Debrief prior year with management
- Kick-off with management
- Planning and initial risk assessment procedures, including:
  - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update an understanding of the City and its environment

Dec-Jan 2024/2025
Risk assessment & Interim work

- Evaluate the City's components of internal control, other than the control activities component
- Inquire of Council, management and others within the City about risks of material misstatement
- Complete interim data extraction and processing activities
- Complete initial risk assessment
- Communicate audit plan
- Identify IT applications and environments
- Provide update on audit progress

Dec-Jan 2024/2025
Interim work

- Perform process walkthroughs for remaining business processes
- Identify process risk points for remaining business processes
- Evaluate Design & Implementation of controls for remaining business processes (control activity component)
- Perform interim substantive audit procedures

Mar - May 2025
Final Fieldwork & Reporting

- Complete year-end data extraction and processing activities
- Perform remaining substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Closing meeting with management
- Present audit results to Council and perform required communications
- Issue audit report on financial statements

Appendices

1 Required communications

2 New accounting standards

3 New auditing standards

4 Thought leadership and insights

Appendix 1: Required communications

Auditor's report

A copy of our draft auditor's report setting out the conclusion of our audit will be provided at the completion of the audit.

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter.

Audit findings report

At the completion of the audit, we will provide our findings report to Council.

Management representation letter

We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to Council.

Independence

We are independent and have a robust and consistent system of quality control. We provide complete transparency on all services. At the completion of our audit, we will re-confirm our independence to Council.

Internal control deficiencies

Significant control deficiencies identified during the audit will be communicated to management and Council.

Appendix 2: New accounting standards

Standard	Summary and implications
Revenue *Effective 2024*	• The new standard PS 3400 *Revenue* is effective for fiscal years beginning on or after April 1, 2023. • The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. • The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. • The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Public Private Partnerships ("P3") *Effective 2024*	• The new standard PS 3160 *Public private partnerships* is effective for fiscal years beginning on or after April 1, 2023. • The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. • The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends. • The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. • The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. • The standard can be applied retroactively or prospectively.

Appendix 2: New accounting standards (continued)

Standard	Summary and implications
Purchased Intangibles *Effective 2024*	• The new Public Sector Guideline 8 *Purchased intangibles* is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted. • The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. • Narrow scope amendments were made to PS 1000 *Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to PS 1201 *Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized. • The guideline can be applied retroactively or prospectively.
Employee Future benefits *Proposed 2027*	• The Public Sector Accounting Board has initiated a review of sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. • The intention is to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard. • Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 *Employee benefits* will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. • 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 2: New accounting standards (continued)

Standard	Summary and implications
Concepts Underlying Financial Performance *Proposed 2027*	• The revised conceptual framework will be effective for fiscal years beginning on or after April 1, 2026 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
Proposed 2027
	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.
	• The proposed section includes the following:
	  • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
	  • Separating liabilities into financial liabilities and non-financial liabilities.
	  • Restructuring the statement of financial position to present total assets followed by total liabilities.
	  • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
	  • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
	  • A new provision whereby an entity can use an amended budget in certain circumstances.
	  • Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.
	• The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.

Appendix 3: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

Revised special considerations – Audits of group financial statements

Click here for information about CAS 600 from CPA Canada:

Revised CAS 600

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

Click here for information about CAS 260 and CAS 700 from CPA Canada:

Amended CAS 260 and CAS 700

Appendix 4: Thought leadership and insights

2024 Canadian CEO Outlook	KPMG interviewed more than 800 business owners and C-suite leaders across Canada on a variety of topics ranging from their top-of-mind concerns to their acquisition plans, the risks and rewards of artificial intelligence (AI), productivity, the omnipresent threat of cybercrime, and the impact of aging demographics on the workforce. Click here to access KPMG’s portal.
Future of Risk	Enterprises are facing an array of reputational, environmental, regulatory and societal forces. To navigate this complex landscape, the C-suite should seek to embrace risk as an enabler of value and fundamentally transform their approach. KPMG’s global survey of 400 executives reveals that their top priorities for the next few years are adapting to new risk types and adopting advanced analytics and AI. As organizations align risk management with strategic objectives, closer collaboration across the enterprise will be essential. Click here to access KPMG’s portal.
Resilience Amid Complexity	In today’s rapidly evolving and interconnected business landscape, organizations face unprecedented challenges and an increasingly complex and volatile risk landscape that can threaten their competitiveness and future survival. We share revealing real-world examples of how companies have overcome their challenges and emerged stronger as the rapid pace of change accelerates and look at the key components of KPMG’s enterprise resilience framework and how it is helping these businesses build resilience and achieve their strategic objectives in an increasingly uncertain world. Click here to access KPMG’s portal.
Future of Procurement	Procurement is at an exciting point where leaders have the opportunity to recast their functions as strategic powerhouses. In this global report we examine how these forces may affect procurement teams and discuss how procurement leaders can respond – and the capabilities they will need to thrive. Our insights are augmented by findings from the KPMG 2023 Global Procurement Survey, which captured the perspectives of 400 senior procurement professionals around the globe, representing a range of industries. Click here to access KPMG’s portal.

Appendix 4: Thought leadership and insights (continued)

Artificial Intelligence in Financial Reporting and Audit

Artificial intelligence (AI) is transforming the financial reporting and auditing landscape, and is set to dramatically grow across organizations and industries. In our new report, KPMG surveyed 1,800 senior executives across 10 countries, including Canada, confirming the importance of AI in financial reporting and auditing. This report highlights how organizations expect their auditors to lead the AI transformation and drive the transformation of financial reporting. They see a key role for auditors in supporting the safe and responsible rollout of AI, including assurance and attestation over the governance and controls in place to mitigate risks.

Click here to access KPMG's portal.

Control System Cybersecurity Annual Report 2024

Based on a survey of more than 630 industry members (13% from government organizations), this report reveals that while the increase in cyberattacks is concerning, organizations have become more proactive in their cybersecurity budgets, focused on prevention, and acknowledging the threat of supply chain attacks. Furthermore, the report highlights a pressing need for skilled cybersecurity professionals in the face of escalating cyber threats. Explore the full report to help gain a clearer understanding of the growing cyber threat landscape and learn how to overcome the roadblocks to progress.

Click here to access KPMG's portal.

Cybersecurity Considerations 2024: Government and Public Sector

In every industry, cybersecurity stands as a paramount concern for leaders. Yet, for government and public sector organizations, the game of digital defense takes on a whole new level of intensity. The reason? The sheer volume and sensitivity of data they manage, which can amplify the potential fallout from any breach. These agencies are the custodians of a vast array of personal and critical data, spanning from citizen welfare to public safety and national security. This article delves into the pivotal cybersecurity considerations for the government and public sector. It offers valuable perspectives on critical focus areas and provides actionable strategies for leaders and their security teams to fortify resilience, drive innovation, and uphold trust in an ever-changing environment.

Click here to access KPMG's portal.

Appendix 4: Thought leadership and insights (continued)

Why the Public Sector Must Take the Lead in Sustainability Reporting	As the world prepares for the implementation of sustainability reporting standards from the International Sustainability Board (ISSB), the need for public sector leadership is pronounced. While governments around the world have collaborated on vital policy and regulatory solutions, they have yet to provide sustainability reporting for their own government reporting entities. This presents a major obstacle to global sustainability ambitions, particularly considering the vast physical infrastructure, non-renewable resources, rare earth elements, water and natural assets controlled by governments around the world. . Click here to access KPMG's portal.
Fighting Modern Slavery in Canadian Supply Chain	The deadline for the first year of reporting under Canada's Fighting Forced Labour and Child Labour in Supply Chains Act (the Act) was May 31, 2024. Under the Act, eligible entities are required to publicly report on steps taken to reduce the risk of forced labour and child labour in their business and supply chain. KPMG in Canada reviewed 5,794 report submissions for the act to identify key takeaways. Click here to access KPMG's portal.
ESG for Cities Webinar Series	Cities and municipalities play a crucial role to drive climate action and resilience measures, acting as stewards for the communities they serve – including their constituents, and public, private and non-profit organizations. With the physical impacts of climate changes – including floods, wildfires and droughts – accelerating in terms of both increased frequency and severity, city and municipal leaders are increasingly considering how they can tackle the multifaced challenge of achieving net zero greenhouse gas (GHG) emissions by 2050. KPMG in Canada's Public Sector and ESG practices completed a three-part national webinar series focusing on the journey to net zero – from strategic planning and stakeholder engagement to the implementation at the asset and operational level, and subsequent reporting obligations. Click here to access KPMG's portal.

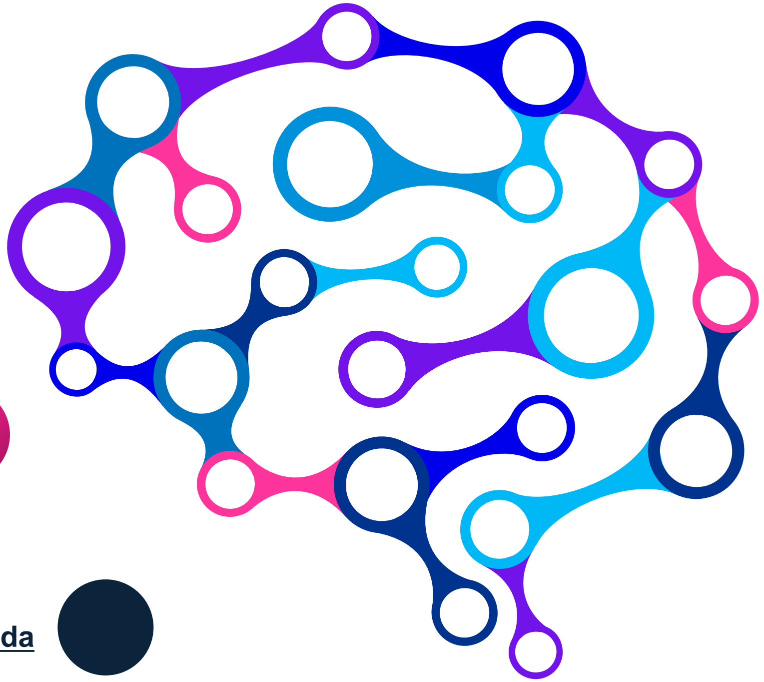
Appendix 4: Thought leadership and insights (continued)

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Sustainability Reporting
Resource centre on implementing the new Canadian reporting standards

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



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

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

Insights - KPMG Canada

Appendix 4: Thought leadership and insights (continued)

KPMG research shows that:

87% of IT decision makers believe that technologies powered by AI should be subject to regulation.

- Of that group, 32% believe that regulation should come from a combination of both government and industry.
- 25% believe that regulation should be the responsibility of an independent industry consortium.

94% of IT decision makers feel that firms need to focus more on corporate responsibility and ethics while developing AI solutions.

Source:

Per a study of 300 ITDMs from the UK and the US, conducted by Vanson Bourne on behalf of SnapLogic:

https://www.businesswire.com/news/home/20190326005362/en/AI-Ethics-Deficit- % E2% 80 % 94-94-Leaders-Call

For AI solutions to be transformative, trust is imperative. This trust rests on four main anchors: integrity, explainability, fairness, and resilience. These four principles (enabled through governance) will help organizations drive greater trust, transparency, and accountability.

1. **Integrity** — algorithm integrity and data validity including lineage and appropriateness of how data is used
2. **Explainability** — transparency through understanding the algorithmic decision-making process in simple terms
3. **Fairness** — ensuring AI systems are ethical, free from bias, free from prejudice and that protected attributes are not being used
4. **Resilience** — technical robustness and compliance of your AI and its agility across platforms and resistance against bad actors

1. Develop AI principles, policies and design criteria and establish controls in an environment that fosters innovation, flexibility, and trust while identifying the unique risks associated with AI. In addition, understand the footprint of AI within the organization in order to inventory capabilities and use cases.
2. Design, implement, and operationalize an end-to-end AI governance and operating model across the entire AI development life cycle, including strategy, building, training, evaluating deploying, operating and monitoring AI. Consider the need to set up separate governance committees and councils to address the unique risks and complexities associated with AI and data.
3. Assess the current governance and risk framework and perform a gap analysis to identify opportunities and areas that need to be addressed.
4. Design a cross-functional governance committee and framework that deliver AI solutions and innovation through guidelines, templates, tooling and accelerators to quickly yet responsibly deliver AI solutions.
5. Integrate a risk management framework to identify and prioritize business-critical algorithms and incorporate an agile risk mitigation strategy to address cybersecurity, integrity, fairness, and resiliency considerations during design and operation.
6. Design and set up criteria to maintain continuous control over algorithms without stifling innovation and flexibility. Consider the need to invest in new capabilities to enable effective governance and risk management enabled through tooling for AI.

home.kpmg/ShapeofAIGovernance

kpmg.ca