

# Audit Committee Report

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**DATE:** Monday, September 30, 2024

**WARD(S):** ALL

**TITLE:** MUNICIPAL ACCOMMODATION TAX AUDIT – STATUS OF  
MANAGEMENT ACTION PLAN #1

**FROM:**

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

**ACTION:** FOR INFORMATION

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**Purpose**

To report on the status of Management Action Plan #1 – Develop a Program to Validate MAT Submissions.

**Report Highlights**

- The 2022-2026 Internal Audit Risk Based Work Plan included an audit of the Municipal Accommodation Tax.
- The Municipal Accommodation Tax Audit was presented to the Audit Committee on February 5, 2024.
- KPMG has been engaged to develop a program to conduct annual audits of operator Municipal Accommodation Tax on a rotating basis.

**Recommendation**

1. That this report on the status of Management Action Plan #1 be received for information.

**Background**

The 2022-2026 Internal Audit Based Work Plan included an audit of Municipal Accommodation Tax (MAT). The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes, and procedures in place to mitigate the business risks associated with the administration and oversight of the MAT program.

Recommendation #1 was to develop a program to conduct audits of operator MAT submissions.

KPMG Private Enterprise has been engaged to develop a program to conduct annual audits of hotel operators charging MAT on a rotating basis.

KPMG Private Enterprise has been involved with compliance audits of the MAT process of other municipalities since its inception.

Working with KPMG Private Enterprise, the City of Vaughan has developed a compliance audit program for hotels to audit 4-5 hotels per year on a rotating basis in the fall of each year.

### **Previous Reports/Authority**

[Audit Committee Meeting Minutes of February 5, 2024 Report No. 1](#)

[Municipal Accommodation Tax Audit Report - February 5, 2024](#)

[Attachment 1 - Municipal Accommodation Tax Audit](#)

[Attachment 2 - Presentation - Municipal Accommodation Tax Audit](#)

### **Analysis and Options**

N/A

### **Financial Impact**

KPMG Private Enterprise annual compliance audit fee is \$20,000 funded by MAT revenue.

### **Operational Impact**

The audit of the MAT program will confirm the compliance of hotels with By-law 029-2019. There are no significant operational impacts.

### **Broader Regional Impacts/Considerations**

There are no regional impacts/considerations.

### **Conclusion**

Financial Services has engaged KPMG Private Enterprise to perform annual compliance audits of hotels on a rotating basis to comply with the recommendation of the Internal Audit report of February 5, 2024.

**For more information**, please contact: Nancy Yates, Director of Financial Services and Deputy City Treasurer, ext. 8984 or Maureen Zabiuk, Senior Manager, Property Tax and Assessment and Utility Billing, ext. 8268.

**Attachments**

None

**Prepared by**

Nancy Yates, CPA, CA, BComm, Director of Financial Services & Deputy City Treasurer