



# Pride Toronto

## Grant Compliance Review

March 16, 2022

KPMG LLP

Private and Confidential

# Cover letter

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## PRIVATE AND CONFIDENTIAL

Sherwin Modeste, Executive Director  
Pride Toronto  
158 Sterling Rd  
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March 16, 2022

Dear Sherwin,

### RE: Grant Compliance Review

KPMG LLP (“KPMG”) was retained in 2021 to assist Pride Toronto with a review of compliance with three funding agreements, Commemorating the 50th Anniversary of Stonewall – Two Spirit Tales, Developing Effective Community Safety Strategies for LGBTQ+ Communities and 50th Anniversary of the Decriminalization of Homosexuality in Canada.

This report summarizes the results of the compliance review to the date of this report.

Sincerely,



KPMG LLP



# Disclaimer

This report has been prepared pursuant to our Engagement Letter with Pride Toronto dated October 25, 2021, and is subject to the terms and conditions set out in that Engagement Letter. This report has been prepared based on information that has been made available to us as of March 3, 2022. This report is not intended, nor should it be interpreted to be legal advice, as we are not qualified to provide such advice.

This report is intended for internal use only by Pride Toronto solely for the purpose set out in the report and/or Engagement Letter, and for no other purpose. It is not intended for general use, circulation or publication and shall not be relied upon by any third party for any purpose. We do not assume any responsibility or liability for any costs, damages, losses, liabilities or expenses incurred by any third party in connection with this report. Furthermore, we do not assume any responsibility or liability for any costs, damages, losses, liabilities or expenses incurred by Pride Toronto in any way connected with the circulation, publication or reproduction of this report to any third party, or any use or reliance thereon by any third party.

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# Executive summary

## Mandate

KPMG LLP (“KPMG”) was retained in October 2021 by Pride Toronto to conduct a compliance review of three grants (“the Grants”) on behalf of Pride Toronto’s Management and the Board. The purpose of the review was to assess certain processes in place historically at Pride Toronto in relation to the management of the Grants and to assess compliance with the terms of the Grants. The Grants we were asked to review are as follows:

- Commemorating the 50th Anniversary of Stonewall – Two Spirit Tales (“2S Tales Grant”) – This involved a \$600,000 grant from the Department of Canadian Heritage for the period of April 1, 2019 to March 31, 2022. The 2S Tales Grant focuses on the 2-Spirit Indigenous community and its relationship with Canadian society and the LGBTQ2+ community. Pride Toronto’s proposal was focused around organizing an exhibition showcasing Indigenous 2-Spirit artwork, along with the development of a digital strategy and tools to showcase educational and interactive components of the project. Pride Toronto signed an amendment to the Contribution Agreement effective December 17, 2021, that revised the proposed deliverables to focus on activities that will identify and address barriers experienced by Indigenous people when trying to engage with, or be represented by, Pride festivals across Ontario. The revised proposed activities comprise physical and virtual options due to the pandemic, including a professional development program and digital strategy for Two Spirit and LGBTQ+-identified Indigenous artists to increase their public profile and improve their digital portfolios.
- Developing Effective Community Safety Strategies for LGBTQ+ Communities (“Public Safety Grant”) – This involved a \$1,000,000 grant from Public Safety Canada for the period of April 1, 2018 to March 31, 2023. Pride Toronto proposed to develop a project to better understand the patterns of offending in the LGBTQ2+ Community, address the institutional cultures within the criminal justice system and to improve the relationship between the criminal justice system and the LGBTQ2+ community, and seek ways to implement more effective education and prevention tools in the community. Pride Toronto terminated this agreement, effective January 3, 2022.
- 50th Anniversary of the Decriminalization of Homosexuality in Canada (“Decriminalization Grant”) – This involved a \$250,000 grant from the Department of Canadian Heritage for the period of November 7, 2018 to December 31, 2019. Pride Toronto’s proposal was focused on the development of various bilingual tools to engage Canadians in the narrative about Canada’s journey from the criminalization to the decriminalization of homosexuality.

# Executive summary

## Scope of Review and Limitations

In completing the compliance review, we spoke with a number of individuals and reviewed and relied on the documents set out in Appendix A.

Our report is subject to a number of limitations, as follows:

- We spoke with numerous individuals at or associated with Pride Toronto during the course of our work, but we did not speak with everyone historically involved with the Grants since some individuals are no longer associated with Pride Toronto. It is possible that speaking with further individuals may have revealed additional relevant information.
- We have relied on representations made by interviewees during our discussions and if the information they provided was somehow inaccurate, our conclusions could change.
- Our approach, as agreed with Pride Toronto, involved the sampling of transactions. As a consequence, transactions that did not form part of those we sampled may have revealed further relevant information.
- Our review did not cover the grant application process and therefore, we did not review the grant applications for these projects as part of this engagement.
- Our approach was developed to complete the compliance review and did not involve conducting an investigation nor did we perform an audit of the underlying transactions. For greater certainty, this report does not represent an audit or assurance report as defined by CPA Canada.

# Executive summary

## Objectives

Objective	Description of work undertaken
<p>Compliance Review of Federal Government Grant Usage</p>	<p>We reviewed the agreements associated with the Grants between the Federal Government of Canada and Pride Toronto active during the three years covering 2018, 2019, and 2020. Our assessment included:</p> <ul style="list-style-type: none"> <li>• Identifying the key requirements of the Grants that Pride Toronto was to meet;</li> <li>• Undertaking sample testing of funds used to confirm whether there was evidence to show funds had been spent in line with the agreements. This did not include tracing the cash received from the providers of the Grants;</li> <li>• Obtaining documents and information from interviews to assess Pride Toronto’s compliance with the deliverables and reporting requirements stipulated in each of the agreements;</li> <li>• Understanding how Pride Toronto monitored activities/initiatives associated with the grant agreements;</li> <li>• Assessing the completeness, accuracy, and timeliness of the reporting deliverables required under the agreements</li> <li>• Assessing processes around how Pride Toronto managed these grants and identifying any leading practices to help Pride Toronto build a more financially transparent and accountable process going forward.</li> <li>• Producing a report summarizing our findings and recommendations.</li> </ul> <p>We selected expenses and project activities transactions to further review whether Pride Toronto had used the funds on eligible projects in accordance with the key clauses in the Grant agreements.</p>

# Executive summary

## Grant compliance assessment

A key condition of the Grants was that Pride Toronto should use the funding to deliver certain outputs and reporting to the funders (“deliverables”). Pride Toronto could not provide some evidence to show that they had completed several of the proposed deliverables. For each of the Grants, there were reporting deliverables that were required to be submitted to the funder according to a schedule, such as cash flow statements and interim and final activity reports. Pride Toronto did not submit several deliverables, and in instances where deliverables were submitted, some were submitted late.

The Grant agreements also required that Pride Toronto report accurately to the funders on the use of Grant monies and the progress of Grant activities. We had difficulty obtaining project plans and artist/staff employment contracts to demonstrate the completion of specific activities referenced in the reports prepared by Pride Toronto that had been sent to the funders. Pride Toronto also had difficulty providing documentation such as supporting receipts showing how expenses related to the Grant activities. It had also not separately tracked the expenses and the scope of employee work performed in relation to the Grant activities.

## Grant processes, controls and oversight

We assessed the overall grant management processes and controls in place for the Grants along with how the Board had applied its oversight. Our review highlighted several governance and operational opportunities for improvement.

From a governance perspective, we recommend the Board and Executive Director develop a more formalized long-term strategic plan and budget to better guide Pride Toronto’s strategic choices relating to grant applications and project spending. We recommend that going forward, management provide a business case and a delivery plan to the Board for any consequential grant before entering into the grant agreement. Management should also improve its reporting to the Board on the progress of grant activities and the timely submission of grant deliverables.

We also noted a number of other areas of improvement for Pride Toronto to increase transparency to its members and the public of how the organization is using government funding. Finally, we identified a few operational matters such as the need to improve document storage practices, to improve adherence to, and awareness of documented policies and procedures, and to better manage grant deliverables to avoid late or missed submissions.

## Other information identified during KPMG’s review

During the course of our fieldwork, we were made aware of various allegations and provided some documents relating to the events surrounding grants obtained by Pride Toronto. Among them were allegations of misconduct, falsification of information, and other matters. These allegations go beyond the scope of work KPMG was hired to perform and Pride Toronto may want to consider undertaking further review of these matters.



# Grant compliance review findings

In this section we provide a summary of the results of our compliance testing of the Grants with reference to the scope of this review. Management Responses to each have been included from Pride Toronto. It was not within the scope of this engagement to validate the sufficiency of these Management Responses to address the particular issues and risks identified:

#	Issue noted by KPMG Review	Recommendation and Management Response
1	<p>KPMG selected a sample of the cash flow statements submitted by Pride Toronto for the three Grants and selected expenditures totaling \$576,000 made in relation to the Grants. KPMG obtained information from Pride Toronto to establish whether these expenditures were claimed in compliance with the terms of the agreements associated with the Grants.</p> <p><b>Two Spirit Tales Grant:</b> For the two sampled cash flow statements and expenditures of \$53,000, KPMG was provided insufficient evidence to assess whether the nature of the expenditures related to any of the project deliverables in the contribution agreement. For the sampled expenditures, we also found that Pride Toronto had claimed an additional \$30,000 more in expenditures in the cash flow statements than was recorded in the General Ledger (“GL”).</p> <p><b>Public Safety:</b> For the two sampled cash flow statements and sampled expenditures of \$349,000, the amounts claimed in the cash flow statements matched those in the GL records. However, for the expenditures we sampled in our testing, including salaries totaling \$87,000, we were provided insufficient information and documentation to establish that the work performed by the employees in question contributed to the delivery of commitments made in relation to the Public Safety Grant.</p> <p><b>Decriminalization:</b> For the two sampled cash flow statements and sampled expenditures of \$174,000, Pride Toronto provided the full general ledger for 2018-19 and 2019-20 because more detailed supporting documentation such as invoices was unavailable. However, the general ledgers contained insufficient information to demonstrate the link between the claimed expenditures and the grant activities.</p>	<p><b>KPMG Recommendation:</b></p> <p>We recommend that Pride Toronto establish document retention processes that ensure it retains invoices, receipts and similar supporting documentation. We also recommend that Pride Toronto specify clearly in employee contracts and timesheets the work that is performed on specific grant agreements. This will allow Pride Toronto to better demonstrate to its funders that their funds have been used in a manner intended.</p> <p>We understand that Pride Toronto’s bookkeeping system has since been updated to include unique accounting codes for each grant agreement. This should allow expenditures to be carefully tracked in relation to each grant.</p> <p><b>Management Response:</b></p> <p>Pride Toronto agrees with the recommendations. All of Pride Toronto's invoices are now securely stored on three financial management databases to ensure all records are being kept safely and that any future requests can be provided to funders.</p> <p>Beginning fall 2021, Pride Toronto’s Finance and Senior Leadership Teams have implemented new financial practices to ensure all funds associated with grants are recorded into a new “class” system. (continued on the next slide)</p>

# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
1	See finding presented on the previous slide.	<p><b>Management response to Recommendation 1 (continued):</b></p> <p>Once a grant has been awarded to Pride Toronto, a Class Code is created and all revenue and expenses are recorded into the Class Code. This step is to provide further accountability and transparency to our funders by clearly reconciling all grant revenues with expenses. This will ensure that all funds are allocated to the grant project and ensure Pride Toronto cannot use grant funding for items not associated with the project. The General Ledger associated with the Class Code will be provided to the funder on a regular basis as agreed upon by the funder.</p> <p>Furthermore, Pride Toronto has introduced a maximum repayment for overhead and administration expenses that Pride Toronto can receive from a grant. With the exception of grants that are provided to cover specific operational and administrative expenses of the organization, Pride Toronto cannot claim more than 5% of these types of expenses under any project-based grant.</p>

# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
2	<p>For the contribution agreements associated with the Grants, there was various reports that needed to be submitted to the funder at key dates . The deliverables required to be submitted included cash flow statements showing actual year to date cumulative and forecasted grant expenditures, as well as interim activity reports, annual performance reports, and final activity reports presenting Pride Toronto’s activities in relation to the Grants. Other required ‘deliverables’ included a written confirmation of expenses in the form of an expense statement.</p>	
	<p><i>Two Spirit Tales Grant</i></p> <ul style="list-style-type: none"> <li>• Pride Toronto was required to submit cash flow statements in September 2019, December 2019, March 2020, September 2020, December 2020, March 2021, and September 2021. The first, third and fifth required cash flow statements were submitted. The second and fourth cash flow statements were covered by subsequent reporting but were not submitted separately on time as required by the Agreement. The sixth and seventh cash flow statements were never submitted.</li> <li>• Four of seven cumulative interim reports were submitted. Three were not submitted.</li> <li>• Two expense statements were required to be submitted listing the expenses to be incurred by March 31, 2020 and March 30, 2021. Both were not submitted.</li> </ul> <p>Where deliverables were submitted, insufficient information was provided to allow us to establish whether these submissions had occurred on time.</p>	<p><b>KPMG Recommendation:</b></p> <p>We understand that a Grant and Fund Development Manager has since been hired to manage and prepare grant deliverables. KPMG recommends that:</p> <ul style="list-style-type: none"> <li>• There should be a defined process established around the preparation, review, signing, and submission of grant documents. Duties associated with the new process should be segregated to ensure that there is oversight and review to catch errors and prevent fraudulent reporting.</li> <li>• The Manager should be responsible for monitoring submission deadlines and preparing deliverables/reporting with sufficient time allocated for review.</li> <li>• Adherence to deadlines for deliverables should be monitored and deliverables should be reviewed and signed-off by the Director of Operations / Development and the Executive Director.</li> <li>• Any requests for an extension on delivery deadlines should be formally requested in writing from the funder and any responses retained in Pride Toronto’s records.</li> </ul>

# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
2	<p><b>Public Safety Grant</b></p> <ul style="list-style-type: none"> <li>Six of 12 cumulative cash flow statements were submitted. Of the remaining six, five were incorporated into subsequent reporting and not separately as required, and the final cash flow statement was not submitted.</li> <li>Five of eight interim activity reports were submitted. Of the remaining three, two were incorporated into subsequent reporting and not separately as required, and the final interim activity report was never submitted.</li> <li>Two annual performance reports were required covering the years ending March 31, 2020 and March 30, 2021. Both were not submitted.</li> </ul> <p>We were able to determine from the documentation that three of the submitted deliverables were sent on time. Insufficient information was provided to allow us to establish whether any of the other submitted deliverables were submitted on time.</p> <p>Pride Toronto has signed a termination agreement with the funder effective January 3, 2022. All termination deliverables were submitted on time.</p>	<p><b>Management Response:</b></p> <p>Pride Toronto agrees with the recommendation. The Grant and Fund Development Manager role is a specialist role which has been brought on to ensure that all current and future grants awarded to Pride Toronto are delivered and reported on transparently and in compliance with the requirements. Regaining the trust of our members, partners, and other stakeholders starts with Pride Toronto keeping our promises to those who support and fund us. Our investment in this new role is key to rebuilding that trust.</p> <p>The management and day-to-day oversight of compliance with grant requirements was an area that Pride Toronto recognized as needing to be better addressed and the organizational structure of Pride Toronto, prior to the hiring of this role, was challenged to support the administrative requirements of managing grants.</p> <p>In addition, all reports for grants will also be shared with the Board of Directors to ensure that there is proper oversight and further ensure Pride Toronto is meeting all obligations from its funders.</p>

# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
2	<p><b><i>Decriminalization Grant</i></b></p> <ul style="list-style-type: none"> <li>Two of three cash flow statements were submitted. The third does not appear to have been submitted.</li> <li>One written confirmation of expenses was submitted.</li> <li>One of two interim reports was submitted. The second interim report was not submitted.</li> <li>A final activity report and an audited financial report (auditing this grant specifically) were required and Pride Toronto submitted a final activity report. However, instead of a separate audit report, Pride Toronto submitted an overall financial statement audit report. The funder made an exception for Pride Toronto and confirmed through email communications that they would accept a final cash flow statement showing the project revenues and expenditures which was subsequently submitted.</li> </ul> <p>Where deliverables were submitted, insufficient information was provided to allow us to establish whether these submissions had occurred on time.</p>	<p>See recommendation and management response on the previous slides.</p>

# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
3	<p>For the submitted activity reports prepared by Pride Toronto and submitted to the funder, KPMG selected a sample of the reports and requested supporting documentation from Pride Toronto to demonstrate the accuracy of the reported activities.</p>	
	<p><b><i>Two Spirit Tales Grant</i></b></p> <ul style="list-style-type: none"> <li>• Pride Toronto provided documentation that supported two of the 12 activities reported in the sampled activity reports.</li> <li>• For the remaining 10, Pride Toronto was unable to provide documentation demonstrating that the activities reported had occurred.</li> </ul>	<p><b>KPMG Recommendation:</b></p> <p>We recommend that Pride Toronto:</p> <ul style="list-style-type: none"> <li>• Retain organized documentation relating to the project activities mentioned in the reports. These documents should include job postings, employment contracts, and project plans to demonstrate that the activities mentioned in grant deliverables actually occurred and are reported accurately.</li> <li>• As part of the review/signoff process that we have recommended for the Executive Director and Director of Operations or Development, we also recommend that they review the accuracy of future activity reports before submission.</li> </ul> <p><b>Management Response:</b></p> <p>Pride Toronto agrees with the recommendations. Moving forward, all documentation relating to grants will be stored for up to 7 years. This includes all expenses, promotional materials, job postings, etc. All reports submitted to any funder, no matter size or scope, will be signed off first by the Director responsible and finally by the Executive Director. Reports will also be shared with the Board and a summary of reports will be shared on our website.</p>
	<p><b><i>Public Safety Grant</i></b></p> <ul style="list-style-type: none"> <li>• Pride Toronto provided documentation that supported seven of the nine activities reported in the sampled activity reports.</li> <li>• For the remaining two, Pride Toronto was unable to provide documentation demonstrating that the activities reported had occurred.</li> </ul>	
	<p><b><i>Decriminalization Grant</i></b></p> <ul style="list-style-type: none"> <li>• Pride Toronto provided documentation that supported two of the ten activities reported in the sampled activity reports.</li> <li>• For the remaining eight, Pride Toronto was unable to provide documentation demonstrating that the activities reported had occurred.</li> <li>• Pride Toronto also reported an activity that did not appear to match any Decriminalization Grant deliverables.</li> </ul>	

# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
4	<p>Pride Toronto did not provide sufficient documentation to support their completion of several deliverables outlined in the original contribution agreement.</p>	
	<p><b><i>Two Spirit Tales Grant</i></b></p> <ul style="list-style-type: none"> <li>None of the five original grant deliverables were completed. This was partially due to the pandemic, which required Pride Toronto to pivot many of their initiatives online instead of in-person.</li> <li>Pride Toronto completed activities that showcased the Two-Spirit Indigenous community, including a free Indigenous Arts Festival. While the activities completed are not those originally outlined in the Contribution Agreement, Pride Toronto management reported that they instead focused on achieving the Grant outcomes instead of the original initiatives. They amended the contribution agreement effective December 17, 2021, to focus on barriers experienced by the Two-Spirit Indigenous community participating in Pride Festivals in Ontario.</li> </ul> <p><b><i>Public Safety Grant</i></b></p> <ul style="list-style-type: none"> <li>One of the seven original grant deliverables was completed. Pride encountered delays in completing the deliverables in the contribution agreement due to the impacts of COVID-19.</li> <li>Pride Toronto management made efforts to amend the original contribution agreement when it was realized the deliverables would not be met. However, they ultimately decided to terminate the grant agreement as they were unable to achieve the expected outcomes.</li> </ul>	<p><b>KPMG Recommendation:</b></p> <p>We recommend that Pride Toronto management:</p> <ul style="list-style-type: none"> <li>Only apply for grants that align with their strategy, capacity, capabilities and goals so that Pride Toronto can effectively deliver on the activities and outcomes.</li> <li>Take a more proactive approach to amending agreements that become unachievable as soon as Pride Toronto is aware they will not be able to meet the requirements. A formal request in writing to apply a change should be initiated by Pride Toronto with the funder. Pride Toronto should seek to obtain a written response from the funder that they accept or reject the change.</li> </ul> <p><b>Management Response:</b></p> <p>Pride Toronto agrees with the recommendations. All grants that Pride Toronto staff express interest in applying for are to first be presented to the Board of Directors through the monthly Executive Director Report. All members of the Board are given the opportunity to review and advise to ensure that the grants are aligned with Pride Toronto's Mission, Vision and Values. All grant applications are to be approved by the Board of Directors.</p> <p>With respect to amending agreements should deliverables become unachievable, we agree with the timely notification to the funder, request to amend, and written consent to amend deliverables.</p>

# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
4	<p><b><i>Decriminalization Grant</i></b></p> <ul style="list-style-type: none"> <li>None of the nine original grant deliverables were completed. There was documentation from the funders showing that the amended activities that Pride Toronto reported as completed in their interim reports were inconsistent with the activities in the Contribution Agreement. There was formal documentation to show that the funders accepted these amended activities since the result of the project remained the same – that Canadians took part in a discussion about the journey from criminalization of homosexuality to the decriminalization of homosexuality.</li> </ul>	<p><b>Management Response (continued):</b></p> <p>For example, last year, with respect to the Public Safety grant, once Pride Toronto’s Management became aware of the significant gaps in the promised grant deliverables and Pride Toronto’s ability to meet those commitments, efforts were made to rescale agreements with funding partners for the grants. Pride Toronto was unsuccessful in reaching an agreement to amend the Public Safety Grant and as a result, opted to withdraw and conclude the project early to ensure no additional costs were incurred by either party.</p>



# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
5	<p>Pride Toronto did not have formal documentation security and retention practices in place relating to grant activities.</p>	
	<p>Pride Toronto submitted several deliverables in Word and Excel format that were editable by the recipient. A few of the submitted deliverables were also not signed by Pride Toronto.</p> <p>This exposes Pride Toronto to the risk that deliverables can be edited by unauthorized personnel.</p>	<p><b>KPMG Recommendation:</b></p> <ul style="list-style-type: none"> <li>• Pride Toronto should sign and submit all future deliverables in locked PDF format to ensure version control and prevent subsequent editing.</li> <li>• The Executive Director and the Director of Operations or Development should review and sign all prepared deliverables as evidence of their approval and involvement in the process.</li> <li>• We have been advised that the Grant and Fund Development Manager has implemented a practice of submitting all deliverables in locked PDF format to ensure consistent formatting and prevent unauthorized editing or subsequent alterations. We recommend that this be continued and formalized into organizational policy.</li> <li>• See recommendations below regarding document retention and security.</li> </ul> <p><b>Management Response:</b></p> <p>Pride Toronto's Management agrees with the recommendations. All reporting moving forward will be submitted in a locked PDF document, which will be signed with an authorized signature. We have implemented a new process, where the Grant and Fund Development Manager is responsible for preparing all grant reports, with the support of the project staff. The report is then reviewed by the Director and then the Executive Director. This process will help to address inaccuracies in any reports prior to submission.</p>

# Grant compliance review findings

#	Issue noted by KPMG Review	Recommendation and Management Response
5	<p>Many of the documents supporting the Grants were not stored on Pride Toronto’s shared Google drive in an organized manner which acts as a central user repository for the organization. Instead, they were found in emails of individual staff or saved on custodian desktops on computers. This limits knowledge transfer and increases the risk that important documentation necessary for compliance and document retention purposes may be lost, particularly in the event of employee turnover.</p>	<p><b>KPMG Recommendation:</b></p> <p>We recommend that Pride Toronto implement and adhere to a document management policy. The policy should mandate the upload and storage of all grant related documents and communication in designated folders on the shared drive, to ensure it can be accessed by relevant Pride staff and provided to relevant parties when needed.</p> <p><b>Management Response:</b></p> <p>Pride Toronto's Management agrees with the recommendations. Pride Toronto will begin drafting these policies within the next six months to ensure that all grant documents are uploaded and stored securely. In the interim, all grant documents are stored securely in Pride Toronto’s databases and shared with Senior Leadership.</p>
	<p>KPMG noted that Pride Toronto does not closely monitor the access controls to their shared Google drive which is used to store all internal documents. This increases the risk that documentation may be lost/deleted, altered or accessed without appropriate authorization.</p>	<p><b>KPMG Recommendation:</b></p> <p>We recommend that editing access is limited to only internal Pride Toronto staff. Furthermore, each folder within the drive (pertaining to specific projects) should only be editable by the staff assigned to the project. Granting access should be controlled by a member of senior Pride Toronto personnel and should only be extended beyond internal staff assigned to the project after approval from the Executive Director.</p> <p><b>Management Response:</b></p> <p>Pride Toronto's Management agrees with the recommendations. This practice will start immediately. Official policy will be written within 6 months to ensure that these practices are maintained.</p>

# Other recommendations relating to processes, controls and oversight

The following slides outline opportunities noted from this review to improve the processes, controls and oversight in relation to grant management at Pride Toronto:

#	Issue noted by KPMG Review	Recommendation and Management Response
6	Opportunity to improve the Strategic Planning and Budgeting process	
	<p>Through our review we found that the strategic plan that Pride Toronto has developed for 2016-2021 was unclear as to how grant funding could help achieve Pride Toronto’s objectives.</p> <p>Many of the grants that were historically applied for were outside the scope of Pride Toronto’s expertise and capacity which led to difficulty delivering the outcomes stipulated in the original grant agreements. This was demonstrated through the efforts to amend the Public Safety grant and the ultimate decision to terminate it when expected outcomes could not be achieved.</p>	<p><b>KPMG Recommendation:</b></p> <p>We understand that Pride Toronto has recently announced the development of a 3-year Strategic Plan from 2023-25. The strategic plan should include initiatives/causes Pride Toronto hopes to support and achieve. More specifically, the Executive Director should make sure that the selection of any new grants and expected outcomes align with Pride Toronto’s goals and capabilities, so that Pride Toronto can effectively deliver on the activities and outcomes.</p> <p>Progress against the strategic plan should be reviewed each year by the Board.</p> <p><b>Management Response:</b></p> <p>Pride Toronto's Management agrees with the recommendations. All grants that Pride Toronto staff express interest in applying for are to first be presented to the Board of Directors through the monthly Executive Director Report. All members of the Board are given the opportunity to review and advise to ensure that the grants are aligned with Pride Toronto's Mission, Vision and Values. All grant applications are to be approved by the Board of Directors.</p>

# Other recommendations relating to processes, controls and oversight

#	Issue noted by KPMG Review	Recommendation and Management Response
6	Opportunity to improve the Strategic Planning and Budgeting process (continued.)	
	<p>Our review noted that formally written organization-wide budgets have not been consistently prepared in the recent past. Budgets have been prepared for the current year. The absence of budgets and ongoing budget to actual analysis limit the ability of management and the Board to anticipate funding shortfalls and overages and increases the risk of overspending/scope creep on project activities.</p>	<p><b>KPMG Recommendation:</b></p> <p>We recommend that Pride Toronto create a multi-year (3-year) budget to forecast future funding needs. The Executive Director and the Board should review the annual budget once a year to ensure grants are being applied for based on Pride Toronto’s needs for each fiscal year. The usage of actual grant funds should also be compared to budgeted on a quarterly basis so that they can monitor for and prevent overspending / scope creep on project activities.</p> <p><b>Management Response:</b></p> <p>Pride Toronto's Management team will take this under advisement following the development of Pride Toronto's new multi-year strategic plan.</p> <p>Last year, for the first time in years, Pride Toronto prepared and approved the organization’s annual budget in the month immediately prior to the start of the new fiscal year (August 1st). In prior years, budgets were typically approved later in the fiscal year.</p>

# Other recommendations relating to processes, controls and oversight

#	Issue noted by KPMG Review	Recommendation and Management Response
7	Improving Board oversight over grant activities	
	<p>When grants were first secured in 2018/2019, we noted through interviews with selected former and current Board members that there was limited reporting on grant progress by management to the Board. As a result, Board members had limited knowledge of new grant agreements, and whether Pride Toronto was in compliance with its commitments.</p>	<p><b>KPMG Recommendation:</b></p> <p>We recommend that the Board take a more active role in overseeing the consequential grants being applied for and monitor why they are chosen to ensure alignment with Pride Toronto's overall strategy and budget.</p> <p>Pride Toronto management should prepare a business case, including their delivery plan, for each consequential grant before entering into the grant agreement. Pride Toronto management should also be responsible for execution of the grant activities and ensuring submission of the grant deliverables.</p> <p>The Finance and Audit Committee ("FAC") is newly formed and should:</p> <ul style="list-style-type: none"> <li>• Oversee the use of grant funding.</li> <li>• Provide reporting to the Board to demonstrate its oversight of project budgets, spend to date and alignment to strategic objectives.</li> <li>• Ensure a clear distinction is made between the FAC's and Board's role, with the FAC providing more in-depth grant reporting on progress and risks and Board ensuring strategic alignment.</li> </ul> <p><b>Management Response:</b></p> <p>Pride Toronto's Management agrees with the recommendations. All grants that Pride Toronto staff express interest in applying for are to first be presented to the Board of Directors through the monthly Executive Director Report. All members of the Board are given the opportunity to review and advise to ensure that the grants are aligned with Pride Toronto's Mission, Vision and Values. All grant applications are to be approved by the Board of Directors.</p> <p>For all grants that Pride Toronto has been awarded, all financial cash flows, activity reports, and timelines are to be reviewed by the Finance and Audit Committee and the Board of Directors before submission to the funder.</p>

# Other recommendations relating to processes, controls and oversight

#	Issue noted by KPMG Review	Recommendation and Management Response
8	Improving transparency between Pride and the public/members	
	<p>Pride Toronto did not make available details of the three reviewed federal grants, including associated projects/activities and expected outcomes, to the public/Pride Toronto membership. The Pride Toronto website calendar only shows activities for the current month. The ability to view activities in prior and future months is not available.</p>	<p><b>KPMG Recommendation:</b></p> <p>Pride Toronto may wish to consider sharing a summary of upcoming activities and projects being launched with the use of grant funding through a newsletter to Pride Toronto members summarizing the objectives and expected outcomes of the grants and their projects.</p> <p>We recommend that Pride Toronto ensures their website calendar reflects all past, present, and future planned activities. Updates to website content should be assigned to a designated staff member such as the Office &amp; Community Engagement Manager. This will ensure all activities/initiatives are kept up to date to increase transparency to the public about what Pride Toronto is doing and will demonstrate a clear link to the use of public funds.</p> <p><b>Management Response:</b></p> <p>Pride Toronto's Management agrees with the recommendations. Pride Toronto will also work to enhance communications of grant-related activities through our monthly newsletter, website calendar, and other publicly accessible platforms, such as social media.</p> <p>Pride Toronto will further ensure transparency by posting summaries of all awarded government grants on Pride Toronto's website. The information will include the purpose of the grant, key project deliverables, and the pledged amount. Once the grant has concluded, a summary of the achieved deliverables will be posted.</p>

# Other recommendations relating to processes, controls and oversight

#	Issue noted by KPMG Review	Recommendation and Management Response
9	Improving adherence to documented policies and procedures	
	<p>Through our interviews conducted as part of this review, we noted that there are new policies and processes that members of the Board are not fully aware of. Recent policies have been implemented around grants and oversight, and in order for them to be effective, all pertinent staff and Board members should be made aware of them. We also noted that Pride Toronto has some documented processes and policies for grants, financial management, signing authority, separation of duties, expenses, and procurement, however, there are no formal approval or effective dates noted in the policy documents.</p>	<p><b>KPMG Recommendation:</b></p> <p>We recommend that Pride Toronto formalize all policies and procedures and ensure senior management reviews and approves them with an official effective date, as well as seeking Board approval for them.</p> <p>We recognize that the grants process is being changed with the addition of the new Grant and Fund Development Manager, and we recommend that the Manager and Executive Director update these policies once the role of the Manager is properly defined. The Manager should also train all new staff using the policy and process documents to ensure they are being applied consistently.</p> <p><b>Management Response:</b></p> <p>Pride Toronto's Management agrees with the recommendations. All policies have been Board approved, and Senior Management will ensure more transparency by including Board of Directors approval dates.</p> <p>As of April 2021, Pride Toronto has implemented a series of Financial Management policies to ensure proper controls are in place. These policies are public and can be found on Pride Toronto's website at <a href="http://www.pridetoronto.com">www.pridetoronto.com</a>. The Financial Management policies are reviewed annually by the Finance and Audit Committee and the Board of Directors.</p> <p>In addition, Pride Toronto utilizes a certified signature signing software to ensure all staff have signed policies and procedures. These are time stamped and dual signed by employee and Senior Management. The software used is "Humi" and "Hello Sign". This process is done during onboarding and further reviewed during performance reviews.</p>



# Appendices



# Appendix A – Staff involvement and documentation reviewed

## Staff involvement

We undertook interviews in November 2021 to inform this review, including:

- Former and current Pride Toronto Board Members
- Historian from York University
- Pride Toronto Executive Director
- Pride Toronto Director of Operations
- Pride Toronto Grant and Fund Development Manager
- Pride Toronto (former) Director of Sponsorship & Strategy
- Pride Toronto (former) Director of Research & Spaces
- Pride Toronto (former) Bookkeeper

## Documentation reviewed

We received the following documentation over the course of our fieldwork:

- Grant Contribution Agreements (2S Tales, Public Safety, and Decriminalization)
- Termination Agreement for Public Safety Grant
- Grant Contribution Agreement Amendment for 2S Tales Grant
- Interim Reports to funding providers (2S Tales, Public Safety, and Decriminalization)
- Cash Flow statements to funding providers (2S Tales, Public Safety, and Decriminalization)
- General Ledger Extracts (2S Tales, Public Safety, and Decriminalization)
- Samples of Employee Contracts and Invoices
- Investigation documentation from Mr. Tom Hooper
- Current Process and Policy Documents from Pride Toronto
- Sample of an Executive Director Report to the Board
- Pride Guides (2019 and 2020)



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Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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