

AGENDA



AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

MONDAY, MARCH 3, 2014 – 9:00 AM

**COUNCIL CHAMBER, 2ND FLOOR, CIVIC CENTRE,
300 CITY CENTRE DRIVE, MISSISSAUGA, ONTARIO L5B 3C1**
<http://www.mississauga.ca>

Members

Mayor Hazel McCallion
Councillor Jim Tovey, Ward 1
Councillor Pat Mullin, Ward 2 (**Chair**)
Councillor Bonnie Crombie, Ward 5
Councillor Ron Starr, Ward 6

Contact: Carmela Radice, Legislative Coordinator, Office of the City Clerk
905-615-3200 ext. 5426 Fax: 905-615-4181
carmela.radice@mississauga.ca

CALL TO ORDERDECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTERESTMINUTES OF PREVIOUS MEETING

- (a) Draft Minutes of the November 18, 2013 Audit Committee meeting.

Recommend Approval

APPROVAL OF THE AGENDADEPUTATIONS - NilMATTERS TO BE CONSIDERED

1. Report dated February 21, 2014 from the Commissioner of Community Services re: **2013 Year-End Financial Report of Community Services Facilities**

Recommendation

That the Corporate Report dated February 21, 2014 from the Commissioner of Community Services entitled "2013 Year-End Financial Report of Community Services Facilities", be received for information.

Recommend Receipt

2. Report dated January 30, 2014 from the Director of Internal Audit re: **Revised Internal Audit Work Plan for 2014 to 2016 Revised Internal Audit Work Plan for 2014 to 2016**

Recommendation

That the report dated January 30, 2014 from the Director of Internal Audit, with respect to the Revised Internal Audit Work Plan for 2014 to 2016, be approved.

Recommend Approval

3. Report dated February 26, 2014 from the Director of Internal Audit re: **Final Audit Reports:**
1. **Community Services Department, Parks & Forestry Division, Parks Section – Marina Operations Audit, and**
 2. **Corporate Services Department, Finance Division, Financial Services Section – Petty Cash Audit.**

Recommendation

That the report dated February 26, 2014 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Parks & Forestry Division, Parks Section – Marina Operations Audit, and
2. Corporate Services Department, Finance Division, Financial Services Section – Petty Cash Audit, be received for information.

Recommend ReceiptINQUIRIESCLOSED SESSION

- (a) Pursuant to the *Municipal Act*, Section 239 (2)
 - (i) The security of the property of the municipality or local board re: **Verbal – Marina Operations Audit**

ADJOURNMENT

MISSISSAUGA



MINUTES

AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

MONDAY, NOVEMBER 18, 2013 – 9:03 AM

**COUNCIL CHAMBER, 2ND FLOOR, CIVIC CENTRE,
300 CITY CENTRE DRIVE, MISSISSAUGA, ONTARIO L5B 3C1
<http://www.mississauga.ca>**

Members Present

Mayor Hazel McCallion (arrived at 9:23 a.m.)
Councillor Jim Tovey, Ward 1
Councillor Pat Mullin, Ward 2 (Chair)
Councillor Bonnie Crombie, Ward 5
Councillor Ron Starr, Ward 6

Staff Present

Janice Baker, City Manager and Chief Administrative Officer
Gary Kent, Commissioner, Corporate Services and Chief Financial Officer
Mark Beauparlant, Manager of Corporate Financial Services
Sally Eng, Director, Internal Audit
Patricia Elliot-Spencer, Director of Finance
Kevin M. Travers, Partner, KPMG, external auditors
Carmela Radice, Legislative Coordinator, Office of the City Clerk

CALL TO ORDER– 9:03 a.m.

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST - Nil

MINUTES OF PREVIOUS MEETING

- (a) That the Audit Committee minutes of September 23, 2013 be approved as presented.

Approved (R. Starr)

APPROVAL OF THE AGENDA

That the agenda be approved as presented.

Motion: Moved by: J. Tovey

DEPUTATIONS - Nil

MATTERS TO BE CONSIDERED

1. Report dated October 25, 2013 from the Commissioner of Corporate Services and Chief Financial Officer re: **2013 Audit Planning Report**.

Kevin Travers, Partner, KPMG, External Auditor provided a summary of the 2013 Audit Planning Report. Members of the Committee inquired about the new standards, insurance issue, and number of sites, special audits and the level of risks. Janice Baker, City Manager and CAO explained the insurance implications and Mr. Travers explained that the new accounting standards and the level of risks. Mark Beauparlant, Manager of Corporate Financial Services indicated that there will be environmental assessments on some sites and Gary Kent, Commissioner of Corporate Services and CFO indicated that there will not be a need for extra staff. Patricia Elliot-Spencer, Director of Finance indicated that there are special audits performed for the Federal Gas Tax.

Recommendation

AC-0013-2013

1. That the report dated October 25, 2013, from the Commissioner of Corporate Services and Chief Financial Officer with respect to the 2013 Audit Planning Report, be received for information.
2. That the Audit Committee approves the Audit Planning Report (Appendix 1) for the City's 2013 statutory audit.

Received (B. Crombie)

2. Report dated November 5, 2013 from the Director of Internal Audit re: **Final Audit Report: Corporate Services Department, Information Technology Division – Microsoft Exchange Audit.**

Sally Eng, Director of Internal Audit provided an introduction to the Final Audit Report: Corporate Services Department, Information Technology Division – Microsoft Exchange Audit. Craig Emick, Information Technology Auditor provided a summary of the Final Audit Report: Corporate Services Department, Information Technology Division – Microsoft Exchange Audit. Members of the Committee inquired about the disaster recovery plan. Mr. Emick explained the disaster recovery plan has been prepared and is being finalized and Shawn Slack, Director of IT further explained that staff are in the first stage of the preparation process of the disaster recovery plan.

Recommendation

AC-0014-2013

That the report dated November 5, 2013, from the Director of Internal Audit with respect to the Final Audit Report: Corporate Services Department, Information Technology Division – Microsoft Exchange Audit, be received for information.

Received (R. Starr)

3. Report dated November 5, 2013 from the City Manager and Chief Administrative Officer re: **Status of Outstanding Audit Recommendations as of September 30, 2013.**

Councillor Tovey congratulated staff on the status of the report.

Recommendation

AC-0015-2013

That the report dated November 5, 2013, from the City Manager and Chief Administrative Officer regarding the status of outstanding audit recommendations as of September 30, 2013, be received for information.

Received (J. Tovey)

Mayor McCallion arrived at 9:23 a.m.

4. Report dated November 6, 2013 from the Director of Internal Audit re: **Internal Audit Work Plan for 2014 to 2016.**

Sally Eng, Director of Internal Audit provided a summary of the internal audit work plan for 2014 to 2016. Councillor Starr inquired about the Occupational Health and Safety plan. Janice Baker, City Manager and CAO indicated the Managers in coordination with the City's Human Resource Department ensure that staff are aware of the health and safety protocols. Councillors Tovey and Crombie inquired about the prioritizing of audits. Ms. Eng indicated that the audits are prioritized by risk assessment and discussions with senior management. Mayor McCallion requested that the Audit work plan for 2014 to 2016 be reviewed and brought back to the first Audit Committee meeting in 2014.

Recommendation

AC-0016-2013

That the report dated November 6, 2013 from the Director of Internal Audit with respect to Internal Audit Work Plan for 2014 to 2016, be referred back to the first Audit Committee meeting in 2014 with the changes in the golf courses, museums operations and Mississauga Celebration Square event revenue and expenses.

Approved (H. McCallion)

INQUIRIES

ADJOURNMENT - 9:50 a.m.



Corporate Report

Clerk's Files

Originator's Files

DATE: February 21, 2014

AUDIT COMMITTEE
March 3, 2014

TO: Chair and Members of the Audit Committee
Meeting Date: March 3, 2014

FROM: Paul A. Mitcham, P.Eng., MBA
Commissioner of Community Services

SUBJECT: 2013 Year-End Financial Report of Community Services Facilities

RECOMMENDATION: That the Corporate Report dated February 21, 2014 from the Commissioner of Community Services entitled "2013 Year-End Financial Report of Community Services Facilities" be received for information.

BACKGROUND: At the Budget Committee dated December 3, 2013 the Mayor directed staff to report bi-annually to the Audit Committee the financial performance for Mississauga Celebration Square, Hershey Centre, BraeBen Golf Course, Civic Food Services, Marinas and Lakeview Golf Course.

COMMENTS: The selected Community Services Facilities operating budget results for the year ended on December 31, 2013 are provided:

Recreation Facilities (\$Million's)	2013 Budget Net Cost/ (Revenue)	2013 Actuals Net Cost/ (Revenue)	2013 Variance \$ Fav/(Unfav)
Mississauga Celebration Square	0.98	0.90	0.08
Hershey Centre	0.39	0.25	0.14
Braeben Golf Course	0.06	0.02	0.04
Civic Food Services	(0.15)	(0.00)	(0.15)
Marinas	(0.51)	(0.49)	(0.02)
Lakeview Golf Course	(0.98)	(0.72)	(0.25)

Mississauga Celebration Square performed better than budget primarily as a result of higher rental, film and Gateway Sign advertising revenue, together with saving on operating expenses.

Hershey Centre performed better than budget primarily as a result of increased events.

BraeBen Golf Course met budget. Fewer golf rounds played due to poor weather conditions was mitigated by cost reductions.

Civic Food Services was profitable but underperformed to budget primarily due to the delay of opening Bell Gairdner Estate and renovation to the Banquet Facility at Civic Centre. Revenue reductions of \$0.10 million were approved in the 2014 Budget.

Marinas was profitable by \$0.49 million in 2013 and met budget.

Lakeview Golf Course was profitable by \$0.72 million in 2013. Underperformance to budget by \$0.25 million was a result of fewer golf rounds played due to poor weather conditions. Revenue reductions of \$0.20 million were approved in the 2014 Budget.

Additional detail for are available in Appendix 1: Operating Results Details by Recreation Facilities.

FINANCIAL IMPACT: Not Applicable.

CONCLUSION: As per Budget Committee recommendation, staff will provide a bi-annual report to the Audit Committee on the financial performance of Mississauga Celebration Square, Hershey Centre, BraeBen Golf Course, Civic Food Services, Marinas and Lakeview Golf Course.

ATTACHMENTS: Appendix 1: Operating Results Details by Recreation Facilities



Paul A. Mitcham, P.Eng., MBA
Commissioner of Community Services

Prepared By: Jim Cirello, MA, Manager of Finance, Community Services

1(b)

Operating Results Details by Recreation Facilities

Mississauga Celebration Square

Item	2013 Budget	2013 Year-End Actuals	Year-End Variance		Comments and Action Plan
			\$ Fav/ (Unfav)	% of Budget	
Total Revenues	(0.59)	(0.60)	0.01	1.1%	Net favourable revenues were due to higher than budgeted rental, film, and Gateway Sign Advertising. Unfavourable labour costs were due to higher than budgeted temporary labour to support increased events and were offset by planned operating expense reductions.
Other Operating Expenses	0.86	0.72	0.14	16.8%	
Labour Costs	0.71	0.78	(0.07)	(9.4%)	
Total Net Cost	0.98	0.90	0.08	8.6%	

Hershey Centre

Item	2013 Budget	2013 Year-End Actuals	Year-End Variance		Comments and Action Plan
			\$ Fav/ (Unfav)	% of Budget	
Total Revenues	(7.77)	(8.18)	0.42	5.4%	Net favourable variance primarily due to increased events.
Other Operating Expenses	7.54	7.82	(0.28)	(3.8%)	
Labour Costs	0.62	0.61	0.01	1.7%	
Total Net Cost	0.39	0.25	0.14	36.4%	

Braeburn Golf Course

Item	2013 Budget	2013 Year-End Actuals	Year-End Variance		Comments and Action Plan
			\$ Fav/ (Unfav)	% of Budget	
Total Revenues	(3.02)	(2.70)	(0.32)	(10.6%)	Unfavourable revenues due to lower number of golf rounds when compared to budget, largely due to weather and slow Spring start. Cost reductions have been implemented to mitigate the revenue shortfall. Staff have identified an aggressive marketing plan and piloted price point changes to increase the number of rounds in 2014.
Other Operating Expenses	1.22	1.08	0.14	11.5%	
Labour Costs	1.85	1.63	0.22	12.0%	
Total Net Cost	0.06	0.02	0.04	71.6%	

1(c)

Civic Food Services (C Café, C Banquet, Library Kiosk & C Cart)

Item	2013 Budget	2013 Year-End Actuals	Year-End Variance		Comments and Action Plan
			\$ Fav/ (Unfav)	% of Budget	
Total Revenues	(0.86)	(0.63)	(0.23)	(27.1%)	Variance driven by shortfall with BBQ Kiosk and delayed opening of Banquet facility due to renovations. Revenue reductions to the 2014 budget of \$0.1 million.
Other Operating Expenses	0.38	0.27	0.11	28.0%	
Labour Costs	0.33	0.35	(0.02)	(6.7%)	
Total Net Cost	(0.15)	(0.00)	(0.15)	(97.8%)	

Marinas (Credit Village and Lakefront Promenade)

Item	2013 Budget	2013 Year-End Actuals	Year-End Variance		Comments and Action Plan
			\$ Fav/ (Unfav)	% of Budget	
Total Revenues	(1.49)	(1.30)	(0.18)	(12.2%)	Unfavourable revenue mainly due to lower fuel sale prices and one time rent adjustment for Snug Harbour Lease. Favourable operating expense primarily as a result of lower fuel purchases costs for resale and lower than anticipated utility charges and use.
Other Operating Expenses	0.61	0.48	0.13	21.6%	
Labour Costs	0.37	0.34	0.03	7.4%	
Total Net Cost	(0.51)	(0.49)	(0.02)	(4.4%)	

Lakeview Golf Course

Item	2013 Budget	2013 Year-End Actuals	Year-End Variance		Comments and Action Plan
			\$ Fav/ (Unfav)	% of Budget	
Total Revenues	(2.65)	(2.33)	(0.32)	(11.9%)	Unfavourable revenues due to lower number of golf rounds when compared to budget, largely due to weather including closure as a result of the July Storm and slow Spring start. Net actuals continue to run favourably. Revenue reductions to the 2014 budget of \$0.2 million.
Other Operating Expenses	0.58	0.51	0.07	11.9%	
Labour Costs	1.10	1.10	(0.01)	(0.6%)	
Total Net Cost	(0.98)	(0.72)	(0.25)	(25.9%)	



Corporate Report

Clerk's Files

Originator's
Files

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DATE: January 30, 2014

TO: Chair and Members of Audit Committee
Meeting Date: Monday, March 3, 2014

FROM: Sally P. Eng, CPA, CA, CMA
Director, Internal Audit

SUBJECT: **Revised Internal Audit Work Plan for 2014 to 2016**

AUDIT COMMITTEE March 3, 2014

RECOMMENDATION: That the report dated January 30, 2014 from the Director of Internal Audit, with respect to the Revised Internal Audit Work Plan for 2014 to 2016 be approved.

BACKGROUND: The Terms of Reference for the Audit Committee (By-law 0321-2010) states that the Committee shall review the "work plan, staffing and budget of Internal Audit" to ensure that the audit work plan is compatible with Corporate objectives and priorities. The Internal Audit Charter (By-law 0065-2013) requires the Internal Audit Division to develop "a flexible audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management and submit that plan to the Audit Committee for review and approval as well as periodic updates."

An Internal Audit Work Plan for 2014 to 2016 was developed based on the results of a Corporate Risk Assessment conducted in 2013 and discussion with senior management. The Work Plan was presented to the Audit Committee on November 18, 2013. The Committee requested the addition of one audit and the priorities for some of the projects listed on the Work Plan be reviewed. Furthermore, due to events that occurred in 2013, timing of some of the projects originally presented to the Committee need to be revisited.

COMMENTS:

Appendix 1 shows the Revised Internal Audit Work Plan for 2014 to 2016. Projects that have been affected are highlighted for identification purposes. Revisions to the Work Plan are as follows:

- 1) At the Audit Committee meeting on November 18, 2013, the Committee requested that the Brae Ben Golf Course Audit (Service Area: Recreation) scheduled for 2014 be expanded to include the Lakeview Golf Course, and that the timing for the Mississauga Celebration Square Audit (Service Area: Arts and Culture) and the Capital Construction Contracts Audit (Service Area: Roads, Storm Drainage and Watercourse) which were originally scheduled for 2016 be advanced to 2014 and 2015 respectively.
- 2) As a result of the flooding in July 2013 and the ice storm in December 2013, the Claims Administration Audit (Service Area: Strategic Policy) and the Tree-To-Go Audit (Service Area: Parks and Forestry) which were originally scheduled for 2014 will be postponed to 2015 and 2016 respectively to recognize the increased workload in the coming year for the units responsible for these operations.
- 3) While the original intention was to conduct the e-Plan Audit (Service Area: Land Development Services) in 2015, vendor challenge in 2013 had resulted in delay in commencing implementation of the system. This has necessitated postponing the audit to 2016. Management in Planning and Building has requested that Internal Audit be involved in an advisory capacity during implementation of e-Plan to ensure that proper controls are being considered. Similarly, Management in Community Services advised that they are working with Legal Services to revise the process for Parks Access Permits and requested Internal Audit's participation in reviewing the proposed process. As such, the Parks Access Permits Audit will be converted to a consulting assignment to ensure proper controls are in place before the process is finalized.
- 4) In order to accommodate the changes mentioned above, two further revisions have been made to balance the audits for each of the three years based on the current level of resources in Internal Audit:

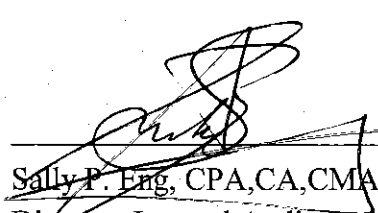
- The Film Policy and Revenue Audit (Service Area: Arts and Culture) is moved from 2015 to 2016.
- The SAP Overview Project (Service Area: Information Technology) which was originally intended to obtain an overall understanding of the integration of technology and businesses in the City's enterprise system will be incorporated into the audits of associated business applications (e.g. CLASS, Hastus, etc.)

FINANCIAL IMPACT: None.

CONCLUSION: Based on the results of the Corporate Risk Assessment (2013) and discussions with senior management and within the Internal Audit Division, the Internal Audit Work Plan for 2014 to 2016 was developed and presented to the Audit Committee on November 18, 2013. Requests from the Audit Committee and events in 2013 resulted in the need to review and rebalance the audits in the work plan.

Specific projects are listed for each of the three (3) years. However, flexibility of the work plan is required to accommodate ad hoc requests from the Audit Committee and senior management during the year, as well as justified expansion of audit scope. Progress reports will be provided to the Audit Committee periodically and the work plan will be refreshed on an annual basis.

ATTACHMENT: Appendix 1: Revised Internal Audit Work Plan Proposed for 2014 to 2016



Sally P. Eng, CPA, CA, CMA
Director, Internal Audit

Prepared By: Sally P. Eng, CPA, CA, CMA

Revised Internal Audit Work Plan 2014 – 2016

266)

Service Area	2014	2015	2016
Roads, Storm Drainage and Watercourses	Current Contracts e.g. City Repair		
	Fleet Inventory and Maintenance		
		Winter Maintenance	
		Fuel Co-op program / Fuel Management Program	
		Capital Construction Contracts	
			Street Lighting Services Agreement; Monitoring System; Inventory Control
Regulatory Services			
Regulatory Services	Inspection and Follow Up Process for Compliance to By-laws		
		Parking Enforcement Administrative Penalty System	
			Business Licensing Administrative Penalty System
			Mobile Licensing Administrative Penalty System
Mississauga Transit			
Mississauga Transit	Transit Union Payroll		
		Prestocard	
		Transit Maintenance	
			Hastus and Trapeze (iBus)
Arts & Culture			
Arts & Culture	Museum Operations		
	Mississauga Celebration Square		
		Meadowvale Theatre	
			Film Policy and Revenue

Revised Internal Audit Work Plan 2014 – 2016

Service Area	2014	2015	2016
Fire & Emergency Services			Supply Contracts for Fleet and Building Maintenance
			Fleet Acquisition
Parks & Forestry	Parks Access Permits		
	Parks Work Order System		
		Parks Inventory	
		Parks Chargeback	
			Trees-To-Go
			Capital Contracts
			Current Contracts
Recreation	Brae Ben and Lakeview Golf Courses		
		Business Operation - SportZone	
		CLASS - Facilities Rental	
			Hershey Centre Management Agreement
			CLASS - Registration and Membership
Business Services	Overtime, Lieu Time (Non- Union Staff)		
	Payment to One Time Vendors		
	Investment		
	Petty Cash		
	Single /Sole Sourced Acquisitions		
	Accounts Receivable – Collections		
		311 – Backup and Confidentiality	

2(d)

Revised Internal Audit Work Plan 2014 – 2016

2(e)

Service Area	2014	2015	2016
		Temporary Employees	
			Recruitment
			Workforce Planning
Legislative Services			POA - Revenue and Cash Handling
Information Technology	IT Disaster Recovery Plan/ Business Continuity Review		
		IT Technical Security Systems – Firewall, Intrusion, Malware	
			Bring Your Own Device (BYOD)
Facilities and Property Management	Facilities Maintenance Work Order System		
		Capital Maintenance Contracts	
		Incident Reporting	
		Rental and Lease Agreements	
			Capital Project Contracts
			Current Maintenance Contracts
Strategic Policy		Claims Administration	
Land Development Services			e-Plan
Total	17	18	19



Corporate Report

Clerk's Files

Originator's
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3

DATE: February 26, 2014

AUDIT COMMITTEE

March 3, 2014

TO: Chair and Members of Audit Committee
Meeting Date: Monday, March 3, 2014

FROM: Sally P. Eng, CPA, CA, CMA
Director, Internal Audit

SUBJECT: **Final Audit Reports:**
1. Community Services Department, Parks & Forestry Division, Parks Section – Marina Operations Audit, and
2. Corporate Services Department, Finance Division, Financial Services Section – Petty Cash Audit.

RECOMMENDATION: That the report dated February 26, 2014 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Parks & Forestry Division, Parks Section – Marina Operations Audit, and
2. Corporate Services Department, Finance Division, Financial Services Section – Petty Cash Audit

be received for information.

BACKGROUND: In accordance with the Terms of Reference for the Audit Committee (By-law 0321-2010), the Committee is responsible for “reviewing reports from the Director of Internal Audit identifying audit issues and the steps to resolve them, [and] reviewing the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved.”

COMMENTS: Internal Audit has completed finalization of two audits, being:

1. Community Services Department, Parks & Forestry Division, Parks

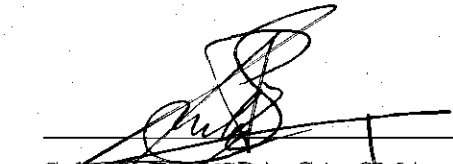
3(a)

Section – Marina Operations Audit, and
2. Corporate Services Department, Finance Division, Financial
Services Section – Petty Cash Audit.

The two audit reports are separately bound and are hereby submitted
to the Audit Committee for consideration.

FINANCIAL IMPACT: Not applicable

CONCLUSION: The Community Services Department, Parks & Forestry Division,
Parks Section – Marina Operations Audit; and Corporate Services
Department, Finance Division, Financial Services Section – Petty
Cash Audit are now complete and are submitted for consideration by
the Audit Committee.



Sally P. Eng, CPA, CA, CMA
Director, Internal Audit

Prepared By: Sally P. Eng, Director, Internal Audit