

# AGENDA



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## AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

**MONDAY, MARCH 9, 2015 – 9:00 AM**

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

### Members

Mayor Bonnie Crombie  
Councillor Jim Tovey, Ward 1  
Councillor Karen Ras, Ward 2  
Councillor Ron Starr, Ward 6  
Councillor Matt Mahoney, Ward 8

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

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

- (a) Draft Minutes of the September 8, 2014 Audit Committee meeting.

Recommend ApprovalAPPROVAL OF THE AGENDADEPUTATIONSMATTERS TO BE CONSIDERED

1. Report dated February 23, 2015 from the Director of Internal Audit re: **Internal Audit Work Plan for 2015 to 2017.**

Recommendation

That the report dated February 23, 2015 from the Director of Internal Audit, with respect to the Internal Audit Work Plan for 2015 to 2017 be approved.

Recommend Approval

2. A memorandum dated February 25, 2015, from the Legislative Coordinator of Audit Committee re: **Proposed Amendment to Terms of Reference in regards to Audit Committee Meetings.**

Recommendation

That Audit Committee Members approve the amendment to the terms of reference indicating that the Audit Committee shall meet at least 4 times a year, and during a municipal election year, the Committee shall meet at least 3 times a year, in order to properly discharge its responsibilities as set out in this by-law and where necessary, additional meetings may be held at the call of the Chairperson or City Clerk.

Recommend Approval

3. Report dated February 25, 2015 from the Director of Internal Audit re: **Final Reports: 1. Corporate Services Department, Finance Division, Investments Section - 2014 Investment Audit, 2. Corporate Services Department, IT Division - Business Continuity and Disaster Recovery Plan Review; 3. Transportation & Works Department, Works Operations & Maintenance Division – Current Maintenance Contracts Audit; and 4. Community Services Department, Recreation Division, South District Operations – Golf Course Audit.**

Recommendation

That the report dated February 25, 2015 from the Director of Internal Audit with respect to the Final Reports:

1. Corporate Services Department, Finance Division, Investments Section - 2014 Investment Audit,
2. Corporate Services Department, IT Division - Business Continuity and Disaster Recovery Plan Review;
3. Transportation & Works Department, Works Operations & Maintenance Division – Current Maintenance Contracts Audit; and
4. Community Services Department, Recreation Division, South District Operations – Golf Course Audit

be received for information.

Recommend Receipt

INQUIRIES

CLOSED SESSION

ADJOURNMENT

# MINUTES



## AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

**MONDAY, SEPTEMBER 8, 2014 – 9:08 AM**

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

### Members Present

Mayor Hazel McCallion (arrived at 9:25 a.m.)  
Councillor Pat Mullin, Ward 2 (Chair)  
Councillor Bonnie Crombie, Ward 5  
Councillor Ron Starr, Ward 6

### Members ABSENT

Councillor Jim Tovey, Ward 1

### Staff Present

Janice Baker, City Manager and Chief Administrative Officer  
Jeff Jackson, Acting Commissioner, Corporate Services and Chief Financial Officer  
Mark Beauparlant, Manager of Corporate Financial Services  
Sally Eng, Director, Internal Audit  
Kevin M. Travers, Partner, KPMG, external auditors  
Carmela Radice, Legislative Coordinator, Office of the City Clerk

CALL TO ORDER- 9:08 a.m.

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST - Nil

MINUTES OF PREVIOUS MEETING

- (a) That the Audit Committee minutes of May 5, 2014 be approved as presented.

Approved (B. Crombie)

APPROVAL OF THE AGENDA

That the agenda be approved as presented.

Motion: Moved by: R. Starr

Carried

DEPUTATIONS - Nil

MATTERS TO BE CONSIDERED

1. Report dated August 1, 2014 from the Commissioner of Community Services re: **2014 Mid-Year Financial Report of Community Services Facilities.**

Paul Mitcham, Commissioner of Community Services provided a summary of the 2014 mid-year financial report of Community Services Facilities which included Mississauga Celebration Square, Hershey Centre, Food Services and Concessions, Marinas and the golf courses. Councillor Crombie inquired about the Hershey Centre and more events at Mississauga Celebration Square and inquired about the limited variety at food services and concessions at the community facilities. Mr. Mitcham indicated that events are being booked at Mississauga Celebration Square and the menus are being reviewed.

Recommendation

That the Corporate Report dated August 1, 2014 from the Commissioner of Community Services entitled "2014 Mid-Year Financial Report of Community Services Facilities " be received for information.

Received (B. Crombie)

2. Report dated August 1, 2014 from the Commissioner of Corporate Services and Chief Financial Officer re: **2014 Audit Planning Report**.

There was no discussion regarding the 2014 Audit Planning Report.

Recommendation

1. That the report dated August 1, 2014 from the Commissioner of Corporate Services and Chief Financial Officer with respect to the 2014 Audit Planning Report, be received for information.
2. That the Audit Committee approves the Audit Planning Report (Appendix 1) for the City's 2014 statutory audit.

Approved (B. Crombie)

Mayor McCallion arrived at 9:25 a.m.

3. Report dated August 25, 2014 from the the Director of Internal Audit re: **Final Audit Reports: 1. Community Services Department, Culture Division – Museums Audit, 2. Transportation & Works Department, Transit Division – Mississauga Transit Union Payroll Audit and 3. Transportation & Works Department, Enforcement Division, Compliance, Licensing and Charity Gaming Section – Notices of Contravention Process Audit.**

Amy Truong, Internal Auditor provided a summary of the Community Services Department, Culture Division Museums Audit. She further indicated that there were a total of seventeen (17) recommendations resulted from the audit with the goals of providing better lines of communication, continuity in its collections processes and adequate controls in the receipt, recording and monitoring of its revenues and funds. Nine (9) of the recommendations emphasized that training and clarification of Policies and Procedures are required to align with business needs. Five (5) of the recommendations encouraged documenting procedures and controls in order to provide an audit trail and guidance to staff. Two (2) of the recommendations aimed to creating efficiencies through the use of the inventory management system and its functionalities. One (1) of the recommendations looked at the adequate safeguard of artifacts. Culture Division Management agreed with all the recommendations and has completed six (6) action items, nine (9) will be completed by September and December 2014, and the remaining two (2) are expected to be completed by March and December 2015. Councillors Mullin, Crombie and Starr inquired about the donation, tax receipt and storage process. Paul Mitcham, Commissioner of Community Services indicated that museums have a policy on donations and receipts

process.

Stephanie Meeuwse, Supervisor, Collections and Exhibits indicated that if a donated item is not suitable for Mississauga, the item would be recommended to another museum and storage is processed manually.

Thomas Kelly, Senior Internal Auditor provided a summary of the Transportation and Works Department Transit Division Mississauga Transit Union Payroll Audit. He further indicated that the audit resulted in eighteen (18) recommendations where seven (7) amendments address concerns related to compliance with and clarification of Corporate Requirements. Six (6) amendments enhance operational control. Three (3) recommendations aim to improve efficiency/effectiveness. Two (2) recommendations deal with safeguarding of information. Management agreed with the recommendations and one (1) has been done. Of the remaining seventeen (17) recommendations eight (8) will be implemented by the end of 2014, eight (8) will be completed by July 2015 and one (1) by December 2015.

Craig Emick, Information Technology Auditor provided a summary of the Transportation and Works Department Enforcement Division Compliance, Licensing and Charity Gaming Section, Notices of Contravention Process Audit. He further indicated that eleven (11) recommendations resulted from the audit. Four (4) recommendations relate to strengthening of operational controls. Four (4) recommendations related to compliance with and clarification of corporate requirements. Two (2) recommendations address safeguarding of information and one (1) recommendation relates to enhancing efficiency and effectiveness. Of the eleven (11) recommendations eight (8) are expected to be completed before the end of 2014. Management agreed with the need to efficiently and effectively track and report on the Notices of Contravention (NOC). The process of issuing NOCs will change and a new system of tracking will be required with the introduction of field automation and the Administrative Penalty System in 2015/2016. Mayor McCallion, Councillors Crombie and Starr inquired about the complaint and tracking process. Mr. Emick indicated that staff will be using a more efficient tracking and reporting system. Martin Powell, Commissioner of Transportation and Works indicated that a system has not been set up in regards to tracking complaints. Councillor Mullin indicated that once a complaint is made staff are dealing with it within a few days.

Recommendation

That the report dated August 25, 2014 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Culture Division – Museums Audit,
2. Transportation & Works Department, Transit Division – Mississauga Transit Union Payroll Audit and,
3. Transportation & Works Department, Enforcement Division, Compliance, Licensing and Charity Gaming Section – Notices of Contravention Process Audit

be received for information.

Received (B. Crombie)

4. Report dated August 25, 2014 from the Director of Internal Audit re: **2014 Internal Audit Work Plan Status Report.**

Sally Eng, Director of Internal Audit provided a summary of the 2014 Internal Audit Work Plan Status Report.

Recommendation

That the report dated August 28, 2014 from the Director, Internal Audit, with respect to the status of the 2014 Internal Audit Work Plan be received for information.

Received (R. Starr)

5. A memorandum dated September 2, 2014, from the Legislative Coordinator of Audit Committee re: **Proposed Cancellation of the November 17, 2014 Audit Committee Meeting.**

Janice Baker, City Manager indicated that the cancellation of the November 17, 2014 is being requested as it is a municipal election year.

Recommendation

That Audit Committee Members support the cancellation of the November 17, 2014 Audit Committee notwithstanding By-law 0321-2010 which stipulates that the Audit Committee shall meet at least four time per year.

Approved (B. Crombie)



INQUIRIES –Nil

CLOSED SESSION -Nil

ADJOURNMENT– 10:32 a.m. (B. Crombie)

DRAFT



# Corporate Report

Clerk's Files

Originator's  
Files

**DATE:** February 23, 2015

**TO:** Chair and Members of Audit Committee  
Meeting Date: Monday, March 9, 2015

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

**SUBJECT:** Internal Audit Work Plan for 2015 to 2017

AUDIT COMMITTEE  
**MAR 09 2015**

**RECOMMENDATION:** That the report dated February 23, 2015 from the Director of Internal Audit, with respect to the Internal Audit Work Plan for 2015 to 2017 be approved.

**REPORT  
HIGHLIGHTS:**

- The 2014 to 2016 Internal Audit Work Plan was approved by the Audit Committee on March 3, 2014. The Work Plan was developed based on the results of a Corporate Risk Assessment conducted in the summer of 2013, discussion with senior management, and the level of resources available in the Internal Audit Division.
- Additional projects and scope expansion of a number of audits in 2014 have resulted in eight (8) audits in various stages of completion being carried over to 2015, four (4) of which will be presented to the Audit Committee at the March meeting.
- The 2014 to 2016 Work Plan has been updated to take into consideration changing needs and priorities, resulting in a revised three (3) year plan for 2015 to 2017 for approval by the Audit Committee.

**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."

This report provides information on the status of the 2014 to 2016 Work Plan that was approved by the Audit Committee on March 3, 2014, as well as audit projects being recommended for 2015 to 2017, and consulting projects and other activities planned for 2015.

**COMMENTS:****1. Status of the 2014 Work Plan**

The first year of the 2014 to 2016 Work Plan is now complete. Of the 16 audits listed, ten (10) have been completed and four (4) are in progress. The remaining two (2) audits (i.e. Corporate Fleet Inventory and Maintenance and Single / Sole Sourced Acquisitions) were not started because of additional time required to perform more in-depth review of the issues identified specifically in two (2) audits and to accommodate other projects at the request of management. The additional projects included two (2) Driver Certification Program audits which were requirement of the Ministry of Transportation; development and implementation of the Whistleblower Policy / Program and the Integrated Risk Management Policy / Framework; as well as a consulting assignment relating to the monitoring of the use of procurement cards. Consequently, the two delayed projects were re-evaluated and incorporated into the proposed 2015 to 2017 Work Plan.

**2. 2015 to 2017 Work Plan****(a) Audits (Assurance Projects)**

The 2015 to 2017 Work Plan is built on the remaining projects listed in the 2014 to 2016 Work Plan adjusted to show changing needs and

priorities as a result of updated information, changes in risk profile and further discussion with senior management. Appendix 1 shows the list of audits by the City's Service Areas. While the intent of the three (3) year work plan is to provide a balanced coverage across these Service Areas, emphasis is placed on units or programs where inherent risks in business operations, financial resources and public profile may be high.

Some of the projects in the proposed audit work plan are devoted to addressing business operations risk, in particular new initiatives, systems or processes where there is integration of technology and businesses; and on areas that have not been previously subject to audits or where significant time has elapsed since the last audit. Furthermore, high standards are expected in the administration and accountability of public funds required to deliver the programs and services offered by the City. As such, emphasis of the audit work plan is also placed on areas where there could be significant financial resources risk, such as contracts, acquisitions, payroll and revenue / cash handling. The proposed audits also target compliance with applicable legislation, City By-laws, Corporate Policies and Procedures and good business practices, where noncompliance may have adverse consequences for the City and increase public profile risk.

With the exception of the Investment Audit which is conducted on an annual basis, audits are not done based on a predefined schedule of rotation. Rather, the multi-year program is developed based on specific risk categories as those mentioned above and refreshed every year upon review of new information and changing priorities. Over the years, the selected audits tend to fall under the following headings i.e. Contracts; Revenue and Cash Handling; Purchases, Payments and Payroll; Information Technology; and Others. Appendix 2 shows the same list of proposed audits as in Appendix 1 under each of these headings.

The proposed timing of the audits took into consideration other Corporate projects and initiatives that are currently underway or have been planned, such as implementation of new initiatives / systems / processes; upgrade to existing systems; Business Improvement and

Lean projects; etc.

All audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing (as per the Institute of Internal Auditors), Corporate Policies and Procedures 03-04-01 on Audit Process, and the Internal Audit Procedural Manual. Detailed scope, objectives and evaluation criteria are determined at the planning stage of each project. An audit planning memorandum is prepared and discussed with management prior to the commencement of each audit.

**(b) Consultation and Other Activities**

In addition to the assurance projects (audits), a percentage of Internal Audit staff time is spent on consultative services. The purpose of these services is to provide proactive advice to Management to enhance controls and mitigate risks; to improve City's operations; and to ensure that issues identified are appropriately addressed. The schedules and the amount of time required to provide these services largely depend on the progress and complexity of the projects concerned and generally are not within the control of Internal Audit. In past years, as much as 15 to 20% of audit staff time had been spent on consulting and policy review activities.

In 2014, Internal Audit partnered with the Corporate Performance and Innovations Division in the development and implementation of the Integrated Risk Management Policy and Framework. A number of pilot projects are currently underway. Internal Audit expects to continue with this involvement and to assist in the evaluation of the results of the program for reporting to the Leadership Team in 2015.

Other activities of Internal Audit include follow up of outstanding audit recommendations which is conducted twice a year; staff development and continuous improvement initiatives; and networking with counterparts from other municipalities to share information in the latest trend in auditing, as well as areas of risk assessment and audit processes that are mutually beneficial.

(d)

**(c) Changes to Proposed Program**

While specific projects are identified for each of the years and every attempt will be made to adhere to the work plan, it is important to recognize that the audit work plan needs to remain flexible to accommodate changes in priorities, requests for unanticipated projects as well as necessary changes in audit scope.

On occasions, it may be necessary or more efficient to expand the scope of the audits to examine issues that are not originally contemplated. As needs and priorities change during the year, ad hoc requests for both assurance and consultative services may also be received from the Audit Committee and management. Accommodating these changes and requests may lead to changes to the proposed work plan.

Furthermore, in early 2015, the City launched the Whistleblower Program. Internal Audit is involved in the review and investigation of complaints received through this Program. As the program is new, the level of involvement and the volume of work that may be required are unknown and could potentially affect the rest of the audit work plan.

It is difficult to predict the need for changes in audit scope and the level of requests for unanticipated projects. As a result, it is important that the audit work plan remains flexible to accommodate such changes where necessary. Accepting these changes may result in deferring certain projects in the work plan. The audit work plan will be updated semi-annually and will be presented to the Audit Committee at the appropriate juncture. The work plan will also be refreshed at the beginning of each year to take into consideration any changes that may be required.

**FINANCIAL IMPACT:** None.

**CONCLUSION:** The Internal Audit Work Plan for 2015 to 2017 was developed based on the 2014 to 2016 Work Plan that was approved by the Audit Committee on March 3, 2014 and updated to show changing needs and priorities. While specific projects are listed for each of the three

1(e)

(3) years, 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 and involvement in the review and investigation of complaints through the Whistleblower Program. Progress reports will be provided to the Audit Committee periodically and the work plan will be refreshed on an annual basis.

**ATTACHMENTS:**

Appendix 1: 2015 - 2017 Internal Audit Work Plan By Service Areas by Year

Appendix 2: 2015 - 2017 Internal Audit Work Plan By Categories by Year



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

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

**2015 – 2017**  
**INTERNAL AUDIT WORK PLAN**  
**Audits by Service Area by Year**

2015		2016	2017
WORK IN PROGRESS	NEW	NEW	NEW
<b>Roads, Storm Drainage and Watercourse</b>			
Current Contracts – <i>Report to March Audit Committee</i>			
	Corporate Fleet Inventory and Maintenance		
	Winter Maintenance Contracts		
	Capital Construction Contracts		
		Street Lighting Services Agreement	
			Traffic Management System
<b>Regulatory Services</b>			
		Parking Enforcement Administrative Penalty System	
			Mobile Licensing Administrative Penalty System
			Business Licensing Administrative Penalty System
<b>Mississauga Transit</b>			
		Transit Maintenance	
			Prestocard
			Hastus, Trapeze (iBus)
<b>Arts &amp; Culture</b>			
	Meadowvale Theatre		

(15)



**2015 – 2017**  
**INTERNAL AUDIT WORK PLAN**  
**Audits by Service Area by Year**

Page 2 of 4

2015		2016	2017
WORK IN PROGRESS	NEW	NEW	NEW
<b>Fire &amp; Emergency Services</b>			
		Supply Contracts for Fleet and Building Maintenance	
			Fleet Acquisition
<b>Parks &amp; Forestry</b>			
Parks Work Order System - <i>Fieldwork</i>			
		Capital Contracts	
			Current Contracts
<b>Recreation</b>			
Brae Ben and Lakeview Golf Courses – <i>Report to March Audit Committee</i>			
	SportZone - Business Operation		
	CLASS - Facilities Rental		
	Food & Beverage/Banquet		
		Hershey Centre Management Agreement	
		CLASS - Registration and Membership	
<b>Business Services</b>			
Overtime, Lieu Time (Non-Union Staff) – <i>Fieldwork</i>			

**2015 – 2017**  
**INTERNAL AUDIT WORK PLAN**  
**Audits by Service Area by Year**

2015		2016	2017
WORK IN PROGRESS	NEW	NEW	NEW
Payment to One Time Vendors – <i>Draft Report</i>			
Investment – <i>Report to March Audit Committee</i>	Investment	Investment	Investment
	311 – Backup, Confidentiality		
		Payroll - Temporary Employees	
			Single/ Sole Sourced Acquisitions
<b>Legislative Services</b>			
		POA - Revenue and Cash Handling	
<b>Information Technology</b>			
IT Disaster Recovery Plan/ Business Continuity Review – <i>Report to March Audit Committee</i>			
	IT Technical Security Systems – Firewall, Intrusion, Malware		
			Bring Your Own Device
<b>Facilities &amp; Property Management</b>			
Facilities Maintenance Work Order System – <i>Planning</i>			
	Capital Maintenance Contracts		

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**2015 – 2017**  
**INTERNAL AUDIT WORK PLAN**  
**Audits by Service Area by Year**

Page 4 of 4

<b>2015</b>		<b>2016</b>	<b>2017</b>
<b>WORK IN PROGRESS</b>	<b>NEW</b>	<b>NEW</b>	<b>NEW</b>
	Rental and Lease Agreements		
		Corporate Securities Incident Reporting	
		Capital Project Contracts	
<b>Strategic Policy</b>			
		Claims Administration System	
<b>Land Development</b>			
			e-Plan
<b>Total</b>			
8	12	13	11

## Notes:

1. This work plan is prepared based on the resources that are currently available to the Internal Audit Division. Changes to the work plan may be necessary if there are significant changes to the level of resources.
2. This work plan may be changed to accommodate requests from the Audit Committee, City Manager and the Leadership Team or to allow expansion of audit scope where deemed appropriate by the Director, Internal Audit.
3. Some of the projects will commence towards the end of a calendar year and will be carried forward to the following year.

**2015 to 2017**  
**INTERNAL Audit Work PLAN**  
**Audits by Categories by Year**

Page 1 of 2

		2015		2016	2017
		WIP	NEW	NEW	NEW
<b>CONTRACTS</b>					
1	Transportation & Works Current Contracts – <i>Report to March Audit Committee</i>	✓			
2	Winter Maintenance Contracts		✓		
3	Transportation & Works - Capital Construction Contracts		✓		
4	Street Lighting Services Agreement			✓	
5	Traffic Management System				✓
6	Mississauga Transit Maintenance			✓	
7	Parks & Forestry Capital Contracts			✓	
8	Parks & Forestry Current Contracts				✓
9	Hershey Centre Management Agreement			✓	
10	Facilities & Property Management - Maintenance Work Order System and Current Maintenance Contracts – <i>Planning</i>	✓			
11	Facilities & Property Management - Capital Maintenance Contracts		✓		
12	Facilities & Property Management - Capital Project Contracts			✓	
<b>REVENUE AND CASH HANDLING</b>					
13	Investment – <i>Report to March Audit Committee</i>	✓			
14	Investment - Annual		✓		
15	Investment - Annual			✓	
16	Investment - Annual				✓
17	Parking Enforcement Administrative Penalty System			✓	
18	Mobile Licensing Administrative Penalty System				✓
19	Business Licensing Administrative Penalty System				✓
20	Hershey SportZone - Business Operation		✓		
21	CLASS - Facilities Rental		✓		
22	CLASS - Registration and Membership			✓	
23	Food & Beverage/Banquet		✓		
24	Rental and Lease Agreements		✓		
25	POA - Revenue and Cash Handling			✓	
26	Mississauga Transit - Prestocard				✓
27	e-Plan Building Permits				✓

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**2015 to 2017**  
**INTERNAL Audit Work PLAN**  
**Audits by Categories by Year**

		2015		2016	2017
		WIP	NEW	NEW	NEW
<b>PURCHASES, PAYMENTS AND PAYROLL</b>					
28	Overtime, Lieu Time (Non-Union Staff) – <i>Fieldwork</i>	✓			
29	Payment to One Time Vendors – <i>Draft Report</i>	✓			
30	Payroll - Temporary Employees			✓	
31	Fire - Supply Contracts for Fleet and Building Maintenance			✓	
32	Fire Fleet Acquisition				✓
33	Single/Sole Sourced Acquisitions				✓
<b>INFORMATION TECHNOLOGY</b>					
34	IT Disaster Recovery Plan/ Business Continuity Review – <i>Report to March Audit Committee</i>	✓			
35	IT Technical Security Systems – Firewall, Intrusion, Malware		✓		
36	Hastus, Trapeze (iBus)				✓
37	Bring Your Own Device				✓
<b>OTHERS</b>					
38	Brae Ben and Lakeview Golf Courses – <i>Report to March Audit Committee</i>	✓			
39	Parks Work Order System - <i>Fieldwork</i>	✓			
40	Corporate Fleet Inventory and Maintenance		✓		
41	Meadowvale Theatre		✓		
42	311 – Backup, Confidentiality		✓		
43	Corporate Securities Incident Reporting			✓	
44	Claims Administration System			✓	
<b>TOTAL</b>					
		8	12	13	11

# Memorandum



2

**TO:** Chair and Members of Audit Committee  
**FROM:** Carmela Radice, Legislative Coordinator  
**DATE:** February 25, 2015  
**SUBJECT:** Proposed Amendment to Terms of Reference in regards to Audit Committee Meetings

AUDIT COMMITTEE  
**MAR 09 2015**

Staff is recommending that during a Municipal Election year the Audit Committee meet a minimum of three times per year. By-law 0321-2010 stipulates that the "Audit Committee shall meet at least four times per year". However, during an election year it is difficult to accommodate a fourth meeting, where necessary an additional meeting may be held at the call of the Chairperson or City Clerk.

If the proposed amendments to the terms of reference in regards to Audit Committee meetings are supported, the following recommendation will be included in the Audit Committee Report that will be going to Council on March 11, 2015.

## Recommendation

That Audit Committee Members approve the amendment to the terms of reference indicating that the Audit Committee shall meet at least 4 times a year, and during a municipal election year, the Committee shall meet at least 3 times a year, in order to properly discharge its responsibilities as set out in this by-law. Where necessary, additional meetings may be held at the call of the Chairperson or City Clerk.

Carmela Radice  
Legislative Coordinator  
Legislative Services Division

Appendix 1: Draft of Audit By-law  
Appendix 2: Draft of Schedule "A"

2(a)

A by-law to adopt Terms of  
Reference for the Audit Committee  
and repeal By-law 0321-10

WHEREAS the Council of The Corporation of the City of Mississauga wishes to continue to demonstrate a high level of public accountability and to continue to provide assurance to the public that municipal services are administered in an efficient, effective and economical manner,

AND WHEREAS Council has responsibilities regarding financial and other reporting, internal control and compliance with laws, regulations and ethics;

AND WHEREAS Council wishes to ensure an impartial, objective and independent assessment of the management of the City;

AND WHEREAS Sections 73 and 79 of the Council Procedure By-law, By-law Number 0139-2013, established the Audit Committee and provided for Council to adopt Terms of Reference for the Committee;

AND WHEREAS Council wishes to adopt the Terms of Reference for the Audit Committee as set out in the attached Schedule 'A', in place of the terms forming part of By-law Number 0321-2010;

NOW THEREFORE the Council of the Corporation of the City of Mississauga ENACTS as follows:

1. THAT the Terms of Reference for the Audit Committee as set out in the attached Schedule 'A' are adopted and shall form part of this by-law.
2. THAT By-law Number 0321-2010 is repealed.

ENACTED AND PASSED this       day of       , 2015.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CLERK

## SCHEDULE A TO BYLAW \_\_\_\_\_

## TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

## 1. Objective

The Audit Committee assists Council in the provision of effective municipal government by overseeing the administrative systems regarding financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal, ethical and regulatory requirements and the efficient and effective use of resources. The Audit Committee provides a focal point for communication between Council, the External Auditor, the Internal Auditor and management, and facilitates an impartial, objective and independent review of management practices through the internal and external audit functions.

## 2. Composition

The Audit Committee is comprised of the Mayor and four members of Council who are appointed by Council. The term of office for the Audit Committee shall be concurrent with the term of Council, or until successor(s) are appointed. Three members constitute a quorum.

Council shall conduct a review of the appointments to the Audit Committee at the end of the second year of the term of Council to enable Council to determine if any changes to the appointments are desired. If Council makes any changes to the appointments, the term of office of any new appointee shall be concurrent with the balance of the term of Council, or until a successor is appointed.

## 3. Meetings

At its first meeting of each term of office, the Audit Committee shall elect a Chairperson from among its members.

If the office of Chairperson becomes vacant for any reason during a term of office of the Audit Committee, the Audit Committee shall elect a new Chairperson from among its members.

The Audit Committee shall meet at least 4 times per year, and during a Municipal election year, the Committee shall meet at least 3 times per year, in order to properly discharge its responsibilities as set out in this by-law. Where necessary, additional meetings may be held at the call of the Chairperson or City Clerk.

An Agenda shall be prepared and distributed to all Members of Council for each regular Audit Committee meeting and the business of the Committee shall be taken up in the order in which it appears on the Agenda, under the following headings:



2(c)

## SCHEDULE A TO BYLAW \_\_\_\_\_

- Call to Order;
- Declarations of (Direct or Indirect) Pecuniary Interest;
- Minutes of Previous Meeting;
- Approval of Agenda;
- Presentations/Deputations;
- Matters to be Considered;
- Committee Member Inquiries;
- Adjournment.

Minutes shall be prepared and distributed to all Members of Council for each Audit Committee meeting and shall be presented to the next succeeding meeting of Audit Committee for confirmation.

#### 4. Responsibilities

The Audit Committee is responsible for making recommendations to Council regarding the following:

*The External Audit Function*

- selecting and dismissing the external auditor,
- reviewing the terms of engagement, fees and scope of the audit and any non-audit services provided,
- reviewing any reports and correspondence from the External Auditor relating to The Corporation of the City of Mississauga, the Mississauga Public Library Board, the Business Improvement Area Boards and any other local boards or agencies which may be created, including communication from the External Auditor on relationships between the External Auditor and The City and its local boards and agencies, and on any matters that may have a bearing on the independence of the External Auditor,

## SCHEDULE A TO BYLAW \_\_\_\_\_

- evaluating the external auditor's performance,
- reviewing with management and the External Auditor the result of the audit performed including any difficulties encountered.

*The Internal Audit Function*

- reviewing and approving the mandate of Internal Audit and ensuring that all of the City's operations are subject to review by Internal Audit,
- reviewing the appointment or removal of the Director of Internal Audit to assist in safeguarding the independence of the Internal Audit function,
- reviewing the workplan, staffing, and budget of Internal Audit,
- reviewing requests for special studies and investigations made by members of Council,
- reviewing reports from the City Manager and the Director of Internal Audit identifying audit issues and the steps taken to resolve them,
- reviewing the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved,
- reviewing any quality assurance reviews which may have been conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

*Financial and Other Reporting*

- reviewing the annual financial statements of the City and its local boards prior to presentation to Council,
- reviewing financial and fiscal policies, practices and procedures (eg. accrual policy, deferred revenue policy, policies for establishing reserves, reserve funds, etcetera),
- reviewing information used for decision making (including management reports, affirmations, etcetera), as to integrity, timeliness and comprehensiveness,

2(e)

## SCHEDULE A TO BYLAW \_\_\_\_\_

- reviewing significant current or pending litigation and outcome, where applicable.

*Internal Control*

- reviewing the adequacy of the internal control systems for safeguarding assets, including the review of policies and procedures,
- reviewing management and program performance regarding the efficiency, effectiveness and economy in the use of resources,
- reviewing the effectiveness of corporate reporting systems regarding administrative and program performance (for example, budget monitoring systems).

*Compliance*

- reviewing the level of compliance with legislation, regulations, corporate objectives, policies and ethics,
- reviewing the adequacy of the systems established to ensure compliance,
- reviewing by-laws and policies specifically regulating the conduct of members of Council, staff, and suppliers (for example, personnel, fraud and theft policies, conflict of interest policy, purchasing by-law, budget control by-law, expense claims policy, etcetera),
- reviewing significant cases of employee conflicts of interest, misconduct, or fraud and their resolution.

*General*

- reviewing and approving the scope, terms of reference and fees of professional services retained for purposes related to the Audit Committee's responsibilities,
- receiving an annual report from the City Manager summarizing progress made in resolving issues raised by internal or external audit,
- providing opportunities for private discussion of sensitive matters raised by the External Auditor, the City Manager, or the Director of Internal Audit relating to personnel, legal, or other matters which could be prejudicial to the corporate interest if discussed in open committee,

- reviewing the Audit Committee Terms of Reference periodically and recommending modifications to Council, as necessary,
- any other matter which could come within the purview of internal or external audit.

2(f)

DRAFT



# Corporate Report

Clerk's Files

Originator's  
Files

3

**DATE:** February 25, 2015

AUDIT COMMITTEE  
**MAR 09 2015**

**TO:** Chair and Members of the Audit Committee  
Meeting Date: March 9, 2015

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

**SUBJECT:** **Final Reports:**

1. **Corporate Services Department, Finance Division, Investments Section - 2014 Investment Audit,**
2. **Corporate Services Department, IT Division - Business Continuity and Disaster Recovery Plan Review;**
3. **Transportation & Works Department, Works Operations & Maintenance Division – Current Maintenance Contracts Audit; and**
4. **Community Services Department, Recreation Division, South District Operations – Golf Course Audit**

**RECOMMENDATION:** That the report dated February 25, 2015 from the Director of Internal Audit with respect to the Final Reports:

1. Corporate Services Department, Finance Division, Investments Section - 2014 Investment Audit,
  2. Corporate Services Department, IT Division - Business Continuity and Disaster Recovery Plan Review;
  3. Transportation & Works Department, Works Operations & Maintenance Division – Current Maintenance Contracts Audit; and
  4. Community Services Department, Recreation Division, South District Operations – Golf Course 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 four projects for

- Corporate Services Department, Finance Division, Investments Section - 2014 Investment Audit;
- Corporate Services Department, IT Division - Business Continuity and Disaster Recovery Plan Review;
- Transportation & Works Department, Works Operations & Maintenance Division – Current Maintenance Contracts Audit; and
- Community Services Department, Recreation Division, South District Operations – Golf Course Audit.

Reports for the Business Continuity and Disaster Recovery Plan Review; Current Maintenance Contracts Audit; and Golf Course Audit are separately bound and are hereby submitted to the Audit Committee for consideration.

No major concerns were identified in the 2014 Investment Audit. As a result, a separately bound audit report is not issued.

Investment audits are performed annually and transactions are tested over the course of the year. The 2014 Investment Audit covered activities from January 1<sup>st</sup> to December 31<sup>st</sup>, 2014. The objectives of the audit were similar to those used in past investment audits and focussed on compliance and control over the investment activities i.e.

- A. Investments are in compliance with legislation, Council By-laws and Corporate Policy and Procedures 04-06-02 (Compliance);
- B. There are proper controls over the investment process (Control);
- C. Return on investment is reasonable, having regard to constraints

imposed by legislation, Council By-laws and Corporate Policy (Effectiveness);

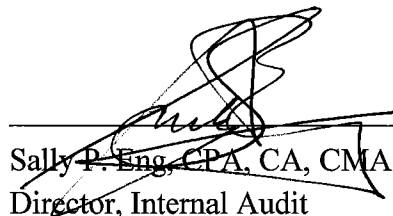
- D. Investment commitments do not interfere with the required cash flow and that sufficient working funds are maintained (Effectiveness).

Based on the audit work performed, we found that the objectives stated above were met and there were no errors in the sample of transactions reviewed. Follow up of the two recommendations from the 2013 Investment Audit showed that one has been completed. The remaining recommendation relating to a review of the Management of Cash and Securities By-law (By-law 0323-2000) is complete and a presentation to General Committee is scheduled for April 2015.

**FINANCIAL IMPACT:** Not applicable.

**CONCLUSION:**

The Final Reports for Corporate Services Department, Finance Division, Investment Section – 2014 Investment Audit; Corporate Services Department, IT Division - Business Continuity and Disaster Recovery Plan Review; Transportation & Works Department, Works Operations & Maintenance Division – Current Maintenance Contracts Audit; and Community Services Department, Recreation Division, South District Operations – Golf Course Audit are now complete and are submitted for consideration by the Audit Committee.



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

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