

AGENDA



AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

MONDAY, MAY 11, 2015 – 9:00 AM

**COUNCIL CHAMBER, 2ND 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 (Chair)
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

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

- (a) Draft Minutes of the March 9, 2015 Audit Committee meeting.

Recommend ApprovalAPPROVAL OF THE AGENDADEPUTATIONS

Kevin Travers, External Auditor will speak to the orientation of Municipal Financial Statements.

MATTERS TO BE CONSIDERED

1. Report dated April 23, 2015, from the Commissioner of Corporate Services and Chief Financial Officer re: **2014 Audited Financial Statements**.

Recommendation

That the 2014 Audited Financial Statements for City of Mississauga (consolidated), City of Mississauga Public Library Board, City of Mississauga Trust Funds, Clarkson Business Improvement Area, Port Credit Business Improvement Area, Streetsville Business Improvement Area, Malton Business Improvement Area, and Enersource Corporation be received.

Recommend Receipt

2. Report dated April 23, 2015 from the Commissioner of Corporate Services and Chief Financial Officer re: **2014 External Audit Findings Report**.

Recommendation

That the 2014 External Audit Findings Report dated April 23, 2015 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG for the fiscal year 2014 for the City of Mississauga (City), be received for information.

Recommend Receipt

3. Report dated April 29, 2015 from the City Manager and Chief Financial Officer re: **Status of Outstanding Audit Recommendations as of March 31, 2015.**

RECOMMENDATION

That the report dated April 29, 2015 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of March 31, 2015 be received for information.

Recommend Receipt

4. Report dated April 23, 2015 from the Director of Internal Audit re: **Final Reports: 1. Community Services Department, Parks & Forestry Division, Parks Operations Section – Parks Work Records Audit, and 2. Corporate Services Department, Finance Division, Accounts Payable Section – One Time Vendor Payment Audit.**

Recommendation

That the report dated April 23, 2015 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Parks & Forestry Division, Parks Operations Section – Parks Work Records Audit, and
2. Corporate Services Department, Finance Division, Accounts Payable Section – One Time Vendor Payment Audit, be received for information.

Recommend Receipt

INQUIRIES

CLOSED SESSION

- (a) Pursuant to the *Municipal Act*, Section 239 (2)
 - (i) Security of the property re: **IT Security Briefing (Verbal)**

ADJOURNMENT



MINUTES

AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

MONDAY, MARCH 9, 2015 – 9:02 AM

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

Members Present

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

Staff Present

Janice Baker, City Manager and Chief Administrative Officer
Gary Kent, Commissioner, Corporate Services and Chief Financial Officer
Jeff Jackson, Acting Director of Finance and Treasurer
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 – 9:02 a.m.

The meeting was called to order at 9:02 a.m. The Legislative Coordinator, Carmela Radice, requested nominations for the position of Chair.

APPOINTMENT OF CHAIR

A verbal motion by Councillor Jim Tovey to nominate Councillor Ron Starr as Chair for 2015 was received and Councillor Starr accepted the nomination.

There being no other nominations for the position of Chair, Councillor Ron Starr was voted in as Chair of the Audit Committee for 2015.

Recommendation AC-0001-2015 (Mayor Combie)

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST - Nil

MINUTES OF PREVIOUS MEETING

That the Audit Committee minutes of September 8, 2014 be approved as presented.

Approved (J. Tovey)

APPROVAL OF THE AGENDA

That the agenda be approved as presented.

Motion: Moved by: M. Mahoney

Carried

DEPUTATIONS - Nil

MATTERS TO BE CONSIDERED

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

Sally Eng, Director of Internal Audit provided an overview Internal Audit Work Plan for 2015 to 2017. Councillor Starr asked Ms. Eng to explain to the new members how items are placed on the Audit work plan. Ms. Eng indicated that audits are based on risk assessments or if a department requests an audit.

Recommendation

AC-0002-2015

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.

Approved (Mayor Crombie)

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.**

There was no discussion regarding this matter.

Recommendation

AC-0003-2015

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.

Approved (K. Ras)

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.**

Sally Eng, Director of Internal Audit provided a summary on the Corporate Services Department, Finance Division, Investments Section – 2014 Investment Audit. She further provided information on the Corporate Services Department, IT Division – Business Continuity and Disaster Recovery Plan Review. Mayor Crombie asked if the City is in compliance with the *Emergency Management and Civil Protection Act*. Teresa Burgess-Olgive indicated that we are in compliance with the Act. Paul Mitcham, Commissioner of Community Services indicated that Ms. Burgess – Olgive will be working on the workplan for 2015-2016.

Al Steinbach, Senior Internal Auditor provided a summary of the Transportation & Works Department, Works Operations & Maintenance Division – Current Maintenance Contracts Audit. He further indicated that the audit resulted in 25 recommendations of which 10 have already been completed. Five recommendations will be completed by March 31, 2015 and the 10 remaining recommendations will be completed by June 30, 2015. Of the 25 recommendations, nine are related to compliance with and clarification of corporate requirements; nine address operational control and financial reporting; four aim at improving safeguarding of assets and information and three deal with improvement to enhance efficiency and effectiveness. Councillor Starr inquired about the working relationship between the Material Management Department and Transportation and Works regarding contracts. Martin Powell, Commissioner of Transportation and Works and Geoff Wright Director of Works Operations and Maintenance indicated that staff are working together to make sure that the tenders, contracts and awards are being reviewed. Mayor Crombie inquired about the manual process that the inspectors are using. Mr. Wright indicated that the Enterprise System generates work orders and the inspectors manually write the reports on site and come back to the office to input it into the system.

Sally Eng, Director of Internal Audit provided a summary on the Community Services Department, Recreation Division, South District Operations – Golf Course Audit. She further indicated that the audit resulted in 80 recommendations being recommended and 25 of those recommendations have been implemented. Paul Mitcham, Commissioner of Community Services spoke to the audit report and indicated that a dedicated team has been committed to address each recommendation. Members of the Committee inquired about the process of management control, training and supervision. Janice Baker, City Manager indicated that the process of management, training and supervision has been looked into and steps have been taken to rectify any issues. Mr. Mitcham indicated that one third of the recommendations have been implemented. Mayor Crombie and Councillor Tovey asked that this matter be moved into closed session as it deals with a personal matter about identifiable individuals.

INQUIRIES - Nil

CLOSED SESSION

Pursuant to Subsection 239 (2) of the Municipal Act, Councillor Tovey moved the following motion:

Whereas the *Municipal Act, 2001*, as amended, requires Council to pass a motion prior to closing part of a meeting to the public;

And whereas the Act requires that the motion states the act of the holding of the closed meeting and the general nature of the matter to be considered at the closed meeting;

Now therefore be it resolved that a portion of the General Committee meeting to be held on March 9, 2015 shall be closed to the public to deal with the following matter:

Personal matter about an identifiable individual, including municipal or local board employee re: **Community Services Department, Recreation Division, South District Operations – Golf Course Audit**

This motion was voted on and carried at 9:44 am.

(i) **Community Services Department, Recreation Division, South District Operations – Golf Course Audit.**

Paul Mitcham, Commissioner of Community Services provided information related to the Golf Course Audit. Members of the Committee inquired about the Golf Course Audit. Janice Baker, City Manager and Mr. Mitcham provided responses to the Committee's inquiries.

Committee moved out of closed session at 10:33 am.

The following recommendation resulted from the In Camera session:

Recommendation

AC-0004-2015

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.

Received (M. Mahoney)

ADJOURNMENT - 10:34 a.m. (M. Mahoney)

DRAFT



Corporate Report

Clerk's Files

Originator's
Files

DATE: April 23, 2015

AUDIT COMMITTEE

MAY 11 2015

TO: Chair and Members of Audit Committee
Meeting Date: May 11, 2015

FROM: Gary Kent
Commissioner of Corporate Services and Chief Financial Officer

SUBJECT: 2014 Audited Financial Statements

RECOMMENDATION: That the 2014 Audited Financial Statements for City of Mississauga (consolidated), City of Mississauga Public Library Board, City of Mississauga Trust Funds, Clarkson Business Improvement Area, Port Credit Business Improvement Area, Streetsville Business Improvement Area, Malton Business Improvement Area, and Enersource Corporation be received.

**REPORT
HIGHLIGHTS:**

- One of the fiduciary responsibilities of the Audit Committee is to review the annual financial statements and audit results.
- This report presents the following 2014 Audited Financial Statements for:
 - City of Mississauga (consolidated)
 - City of Mississauga Public Library Board
 - City of Mississauga Trust Funds
 - Clarkson Business Improvement Area
 - Port Credit Business Improvement Area
 - Streetsville Business Improvement Area
 - Malton Business Improvement Area
 - Enersource Corporation

- The financial statements have been audited by the City's external auditors, KPMG LLP. All financial statements except Enersource Corporation follow the Public Sector Accounting Board (PSAB) recommendations and comply fully with Canadian Generally Accepted Accounting principles. Enersource adopted International Financial Reporting Standards (IFRS).
- Appendix 2 (2014 Financial Statement Overview) provides detailed information and analysis on the financial statements and results.
- The 2014 financial results continue to demonstrate Mississauga's legacy of strong leadership and excellence in financial planning and fiscal prudence.

BACKGROUND:

The statutory function of our auditors, KPMG LLP, is to report to Audit Committee by expressing an opinion on the City's annual financial statements. The auditors conduct their audit in accordance with Canadian Generally Accepted Auditing Standards with the objective of expressing an opinion whether the City's annual financial statements present fairly, in all material respects, the financial position, results of operations and the cash flows of the City.

Management is responsible for the preparation and fair presentation of the City's annual financial statements in accordance with the Public Sector Accounting Board (PSAB) financial reporting framework.

One of the fiduciary responsibilities of the Audit Committee is to review the annual financial statements and audit results.

KPMG LLP has completed their contract at the conclusion of this audit. Finance staff will be conducting a new competitive process in the summer for a new five year contract.

In 2014, Finance staff implemented a new financial reporting software called Caseware. The new financial software prepares the financial statements for audit review. The new software eliminates the many word and excel documents used in the preparation of the financial statement. It has proven to be an efficient and effective tool.

COMMENTS:

The financial statements have been audited by the City's external auditors, KPMG LLP. The City's financial statements follow the Public Sector Accounting Board (PSAB) recommendations and comply fully with Canadian Generally Accepted Accounting principles.

The financial statements must provide information on the cost of all activities, how they were financed, investing activities and the assets and liabilities of the government. The information is to reflect the full nature and extent of the government's financial affairs.

The Audited Financial Statements are a report card on the financial position, health and strength of the City of Mississauga. The 2014 financial results continue to demonstrate Mississauga's legacy of strong leadership and excellence in financial planning and fiscal prudence.

The City of Mississauga consolidated financial statements are comprised of all organizations, committees and local boards accountable to the City for the administration of their financial affairs and resources and which are owned or controlled by the City.

Refer to Appendix 2 (2014 Financial Statement Overview) for detailed information and analysis on the financial statements and results.

To complement the audited financial statements, Finance is currently preparing the 2014 Annual Financial Report.

The 2014 Annual Financial Report will continue to be prepared in electronic format and will be available to all stakeholders on the City's website. No print versions of the Annual report will be produced for public and stakeholder distribution. A notice will be posted in the Mississauga News advising residents and other stakeholders that the Annual Financial Report will be posted and available on the City's website, www.mississauga.ca/finance where it can be printed or read at their convenience.

FINANCIAL IMPACT: The City's year-end audit fees for the 2014 financial statements were \$126,313 plus applicable taxes. This audit included the City, Mississauga Public Library Board, Trust Funds, and four Business Improvement Areas.

In addition to the City's year-end audit, there were also a few smaller audit engagements such as Next Step to Active Living Program and the Canada Strategic Fund Agreement

The City's 90% interest in Enersource Corporation in 2014 was \$263.2 million (2013 \$273.6 million) and has been reported as a financial asset on the Consolidated Statement of Financial Position.

The City's share of Enersource's 2014 net income was \$2.7 million (2013 \$19.5 million) and has been reported as revenue on the City's Consolidated Statement of Financial Activities.

CONCLUSION: The 2014 Financial Statements are a report on the stewardship of the City's financial affairs and the Auditor's Reports attest that they present fairly our financial position as at December 31, 2014 and the results of operations for the year then ended.

ATTACHMENTS: Appendix 1: 2014 Audited Financial Statements
Appendix 2: 2014 Consolidated Financial Statement Overview



Gary Kent
Commissioner of Corporate Services and Chief Financial Officer

Prepared By: Mark Beauparlant, Manager, Corporate Financial Services

2014 Financial Overview

The City of Mississauga's consolidated financial statements have been prepared in accordance with the Municipal Act and based on the reporting standards set by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

There are four required consolidated financial statements: consolidated statement of financial position, consolidated statement of operations, consolidated statement of change in net financial assets, and consolidated statement of cash flows. These consolidated financial statements provide information on the cost of all the City activities, how they were financed, investing activities and the assets and liabilities of the City. The information also reflects the full nature and extent of the City's financial affairs similar to a private sector financial statement presentation.

The following is a high level overview of the 2014 financial results of the City.

Consolidated Statement of Financial Position

The consolidated statement of financial position highlights four key figures that together describe the financial position of a government: (a) cash resources of the government, (b) net financial asset position calculated as the difference between financial assets and financial liabilities, (c) non-financial assets that are normally held for service provision such as tangible capital assets, (d) accumulated surplus/deficit (or in private sector terms, retained earnings as there are no shareholder contributions or distributions).

Although the City continues to manage its financial operations through various funds such as the Operating Fund, the Capital Fund, the Reserves and the Reserve Funds, in accordance with PSAB, these funds are no longer reported in the consolidated financial statements and have been replaced by Accumulated Surplus. The Accumulated Surplus summarizes the Corporation's consolidated equity which identifies the financial position, including tangible capital assets, and financial resources of the City.

Accumulated Surplus

The City's accumulated surplus for fiscal year 2014 is \$8.228 billion (2013 \$8.251 billion). The City's 2014 accumulated surplus (Note 10) is comprised of the following balances:

- investment in tangible capital assets of \$7.8 billion;
- operating surplus of \$5.8 million;

le

- unexpended capital of \$68.3 million;
- investment in Enersource Corporation of \$263.2 million;
- Reserves of \$45.1 million;
- Reserve Funds of \$288.2 million,
- unfunded employee benefits and other liabilities of (\$198.7) million,
- long-term debt of (\$86.6) million.

The City is a 90 per cent shareholder in Enersource Corporation. Enersource's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

The City's 2014 Investment in Enersource Corporation is \$263.2 million (2013 \$273.6 million), a decrease of \$10.4 million from the prior year. This decrease is attributed to the City's \$2.7 million share of Enersource's net income less a \$13.1 million dividend payment received from Enersource in 2014. Enersource adopted IFRS beginning in 2011.

Net Financial Assets

In 2014, the City's Net Financial Assets were \$375.5 million (2013 \$452.8 million), a decrease of \$77.3 million from the prior year.

Total financial assets increased by \$10.2 million from the prior year.

- Cash, short-term investments, and long-term investments at 2014 year end were \$921.2 million (2013 \$921.6 million), a decrease of \$0.4 million. The timing of payments at year end impacted the cash/investment and liability positions.
- Taxes receivable in 2014 were \$40.3 million (2013 \$37.7 million), an increase of \$2.6 million.
- Accounts receivable in 2014 were \$77.0 million (2013 \$57.8 million), an increase of \$19.2 million. The \$19.2 million relates to various miscellaneous receivable balances including \$3.3 million for provincial ice-storm recovery and \$11.7 million for Provincial Gas Tax.
- Loans and other receivables in 2014 were \$2.5 million (2013 \$3.2 million).
- Inventories for resale in 2014 were \$0.4 million (2013 \$0.4 million).
- Investment in Enersource Corporation in 2014 was \$263.2 million (2013 \$273.6 million), a decrease of \$10.4 million from the prior year.

However, total financial liabilities increased by \$87.5 million, creating the overall decline in Net Financial Assets.

- Accounts Payable liabilities in 2014 were \$184.0 million (2013 \$176.7 million), an increase of \$7.3 million representing various liability accounts. The timing of payments at year end impacted the cash/investment and liability positions.

1f

- Deferred revenue-general in 2014 was \$7.0 million (2013 \$7.3 million), a decrease of \$0.3 million, due to general fluctuations in various departmental deferred revenue accounts.
- The deferred revenue-obligatory reserve funds in 2014 were \$458.6 million (2013 \$417.6 million), an increase of \$41.0 million.
 - Provincial public transit funds in 2014 were \$99.4 million (2013 \$98.8 million), an increase of \$0.6 million.
 - Federal public transit funds in 2014 were \$38.4 million (2013 \$21.2 million), an increase of \$17.2 million.
 - Provincial gas tax funds in 2014 were \$15.0 million (2013 \$14.9 million), an increase of \$0.1 million.
 - Federal gas tax funds in 2014 were \$65.2 million (2013 \$49.7 million), an increase of \$15.5 million.
 - Parkland funds in 2014 were \$65.4 million (2013 \$56.4 million), an increase of \$9.0 million.
 - Development Charge funds in 2014 were \$175.1 million (2013 \$176.6 million), a decrease of \$1.5 million.
 - Bonus Zoning in 2014 were \$0.2 million (2013 \$nil).
- Employee benefits and other liabilities in 2014 were \$198.7 million (2013 \$189.9 million), an increase of \$8.8 million. Section 14 development charge (DC) credit liabilities increased by \$12.6 million as a result of the new DC rates in 2014. Self-insurance liabilities decreased by \$7.9 million as a result of new actuarial insurance assessment and changing insurance legislation. Other post retirement and employment liabilities accounted for the balance of the increase.
- Long-term debt in 2014 was \$80.8 million (2013 \$50.0 million), and increase of \$30.8 million.

Non-financial assets in 2014 were \$7.9 billion (2013 \$7.8 billion). Non-Financial Assets are comprised primarily of tangible capital assets.

Consolidated Statement of Operations

The consolidated statement of operations reports the annual surplus/ (deficit) from operations during the accounting period. The statement shows the cost of providing the City's services, the revenues recognized in the period and the difference between them.

Revenues

Total revenues in 2014 were \$781.2 million (2013 \$762.1 million), an increase of \$19.1 million.

- Taxation revenues (property taxes and taxation from other governments) in 2014 were \$428.3 million (2013 \$403.4 million), an increase of \$24.9 million.
 - The City had assessment growth of 0.66 per cent in 2014.
 - City Council approved the 2014 budget which provided for a 4.2 per cent average property tax rate increase on the City portion of the total tax bill, which includes 2.0 per cent for the infrastructure levy. This increase equates to an average 1.9 per cent increase on the total residential tax bill.
- User charges in 2014 were \$179.2 million (2013 \$175.9 million), an increase of \$3.3 million from the prior year.
 - Transit fares represent 41.3 per cent of total user charges. Transit fares in 2014 were \$74.1 million (2013 \$71.3 million), an increase of \$2.8 million from the prior year. Total 2014 revenue riders were 36.61 million; the 2013 total was 35.79 million. The 2 per cent increase in riders and a fare increase resulted in a revenue increase of \$2.8 million over 2013.
 - General departmental user fees and service charges represent 25.8 per cent of total user charges. General departmental user fees and service charges in 2014 were \$46.3 million (2013 \$49.2 million), a decrease of \$2.9 million from the prior year.
 - Transit advertising fees are down \$1.7 million from the prior year.
 - General departmental fees are down \$2.5 million from the prior year.
 - External fee recoveries are up \$0.8 million from the prior year.
 - Recreation program registration fees are up \$1.8 million from prior year.
 - Golf green fees represent 1.5 per cent of total user charges. Golf green fees in 2014 were \$2.7 million (2013 \$3.1 million), a decrease of \$0.4 million from the prior year.
 - Rents and concession fees represent 12 per cent of total user charges. Rents and concession fees in 2014 were \$21.5 million (2013 \$21.2 million), an increase of \$0.3 million from the prior year.
 - Licence and permit revenues represent 9 per cent of total user charges. Licence and permit revenues in 2014 were \$16.1 million (2013 \$14.1 million), an increase of \$2.0 million over the prior year.
 - Building permit revenues in 2014 were \$11.0 million (2013 \$9.4 million), an increase of \$1.6 million over the prior year.
 - Provincial offence revenues in 2014 were \$9.7 million (2013 \$9.7 million).
- Recovery charges in 2014 were \$26.9 million (2013 \$26.6 million), an increase of \$0.3 million from the prior year.
- Development and other government contributions applied in 2014 were \$58.0 million (2013 \$59.8 million), a decrease of \$1.8 million from the prior year.
 - Expenditures on development-related capital projects in 2014 were down from the prior year. Therefore, decreased development and government contributions were applied against the expenditures and recognized as revenue from the deferred revenue-obligatory reserve funds in 2014.

- Investment income in 2014 was \$35.8 million (2013 \$35.3 million), an increase of \$0.5 million.
- Penalties and interest earnings from overdue tax accounts in 2014 were \$8.1 million (2013 \$8.0 million), an increase of \$0.1 million from the prior year.
- Contributed Assets in 2014 were \$26.7 million (2013 \$24.0 million), an increase of \$2.7 million from the prior year. Contributed assets include land under roads, land under infrastructure, as well as general infrastructure (storm sewers, roads, pathways, streetlights, etc.) assumed by the City through development agreements.
- Other revenues in 2014 were \$12.5 million (2013 \$7.2 million), an increase of \$5.3 million from the prior year. The increase is due to one-time miscellaneous revenues in 2014.
- The City's share of Enersource Corporation's net income in 2014 was \$2.7 million (2013 \$19.5 million), a decrease of \$16.8 million from the prior year.
 - From this net income amount, the City was paid a dividend of \$13.1 million in 2014 (2013 \$10.9 million).

Expenses

Expenses are broken down into major expense categories: labour and benefits, materials and supplies, contracted services, rents and financial expenses, transfer payments, and amortization. Total expenses in 2014 were \$804.0 million (2013 \$736.9 million), an increase of \$67.1 million.

- Labour costs (salaries, wages and benefits) in 2014 were \$451.8 million (2013 \$425.8 million), an increase of \$26.0 million or 6.1 per cent from the prior year.
 - Salary and wage costs in 2014 were \$373.2 million (2013 \$344.9), an increase of \$ 28.3 million.
 - Growth in the City's labour force for new and expanded services, labour contract settlements and pay adjustments, and increased benefit costs contributed to this increase.
 - Fringe benefit costs in 2014 were \$86.3 million (2013 \$80.4 million), and increase of \$5.9 million.
 - WSIB related costs in 2014 were \$2.2 million (2013 \$1.9 million), an increase of \$0.3 million.
 - Labour related recoveries in 2014 were \$12.0 million (2013 \$12.2 million), a decrease of \$0.2 million.
 - Other Labour related adjustments in 2014 were (\$8.9) million (2013 \$6.4 million), a decrease of \$15.3 million. This decrease was primarily due to Fire labour settlement adjustments for the period 2011 to 2014.
 - Employee benefits and other liabilities in 2014 were \$8.8 million (2013 \$3.3 million), an increase of \$5.5 million.

- These expenses are based on the changes in employee benefits and other liabilities in the Consolidated Statement of Financial Position. This increase reflects the change in actuarial assessment, assumptions, and estimates from the previous year. These are accrual-based expenses which are not included in the City's annual budget but included in the financial statement presentation.
- Labour operating expenses transferred from capital projects in 2014 were \$2.4 million (2013 \$1.1 million).
- Long -term debt interest and fees in 2014 were \$1.6 million (2013 \$0.6 million), an increase of \$1.0 million due to new debt added in the current year.
- Materials and supplies in 2014 were \$56.1 million (2013 \$53.1 million), and increase of \$3.0 million from the prior year.
 - Transportation related costs are \$2.0 million higher than the prior year. Diesel fuel accounted for \$1.0 million of this increase.
 - General departmental operating materials and supplies are up \$0.6 million from the prior year.
 - Uniform costs are up \$0.7 million from the prior year.
 - Materials and supplies operating expenses transferred from capital projects in 2014 were \$2.4 million (2013 \$1.2 million), and increase of \$1.2 million.
 - Materials and supplies operating expenses transferred to tangible capital assets in 2014 were (\$2.4) million (2013 \$0 million). These are primarily library books purchased through the operating budget that must be categorized as an asset.
- Contracted services in 2014 were \$94.3 million (2013 \$65.4 million), an increase of \$28.9 million from the prior year.
 - Contracted services for standby winter control in 2014 were \$1.6 million higher than the previous year due to increased snowfall and events.
 - The 2014 ice storm cleanup accounted for \$8.1 in contracted services expenses.
 - The 2014 municipal election accounted for \$0.8 million in increased election costs.
 - Contracted service operating expenses transferred from capital projects in 2014 were \$34.8 million (2013 \$16.4). These costs consisted of external recoverable expenses for BRT construction, various studies, etc.
- Rents and financial expenses in 2014 were \$67.6 million (2013 \$65.4 million), an increase of \$2.2 million from the prior year.
 - Rents and financial operating expenses transferred from capital projects in 2014 were \$2.4 million (2013 \$nil).
- Loss on disposal of assets in 2014 was \$2.3 million (2013 \$2.7 million), a decrease of \$0.4 million.
- Amortization of tangible capital assets in 2014 was \$124.7 million (2013 \$119.6 million), an increase of \$5.1 million from the prior year.

Consolidated Statement of Change in Net Financial Assets

The consolidated statement of change in net financial assets/(net debt) starts with the annual surplus/(deficit) and identifies changes in non-financial assets (i.e. tangible capital asset acquisition, amortization) that will utilize or add to the surplus amount to derive a net change in financial assets.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows reports changes in cash and short-term investments resulting from operations and shows how the City financed its activities during the year and met its cash requirements.

Tangible Capital Assets Overview

All City assets as at the end of 2014 have been inventoried, valued and recorded in an Asset Registry for accounting and reporting purposes. The City's net book values of tangible capital assets at the end of 2014 were \$7.84 billion (2013 \$7.79 billion). Refer to Note #9 in the financial statements for a detailed breakdown of tangible capital asset activity for 2014.

Annual amortization expense in 2014 was \$124.7 million (2013 \$119.6 million). The City currently only funds 26 per cent of its amortization expense.

Reserves and Reserve Fund Overview

Although Reserves and Reserve Funds are not formally reported directly in the financial statements, they are a key area in the financial management and operations of the City. Reserves and Reserve Fund balances are consolidated within the Accumulated Surplus position on the Consolidated Statement of Operations. Refer to Note #10 in the financial statements for more Reserve and Reserve Fund information.

Reserves and Reserve Funds are established by Council. These funds are set aside to help offset future capital needs, obligations, pressures and costs. They are drawn upon to finance specific purpose capital and operating expenditures as designated by Council to minimize tax rate fluctuations due to unanticipated expenditure and revenue shortfalls and to fund ongoing programs (i.e. insurance and employee benefits).

Reserves and Reserve Fund balances at the end of 2014 totalled \$333.3 million (2013 \$308.8 million), an increase of \$24.5 million from the prior year. The Reserves and Reserve Fund totals do not include development charges and senior government grants that are reported as deferred revenue-obligatory reserve funds on the Statement of Financial Position.

1K

Reserves

Reserves, which are discretionary in nature, are generally used to offset major fluctuations in operating costs/revenues or to fund future contingent liabilities. Total Reserves in 2014 were \$45.1 million (2013 \$49.3 million), a decrease of \$4.2 million.

Reserve Funds

Reserve Funds are non-discretionary, segregated and restricted to meet specific identified purposes for the municipality. Total Reserve Funds in 2014 were \$288.2 million (2013 \$259.6 million), an increase of \$28.6 million from the prior year.

The Reserve and Reserve Funds will help the City meet projected expenditure needs in the upcoming years. However, draws on Reserve and Reserve Funds in future years to support our growing capital infrastructure and maintenance needs will reduce these balances and therefore reduce the total accumulated surplus.

This has been anticipated for many years, recognizing that as the City matured, infrastructure renewal would require increased funding. Additional funding support is needed from senior levels of government, as well as ongoing increased annual contributions from the operating funds, in order to help sustain and invest in new and replacement infrastructure.



Corporate Report

Clerk's Files

Originator's
Files

2

DATE: April 23, 2015

AUDIT COMMITTEE
MAY 11 2015

TO: Chair and Members of Audit Committee
Meeting Date: May 11, 2015

FROM: Gary Kent
Commissioner of Corporate Services and Chief Financial Officer

SUBJECT: 2014 External Audit Findings Report

RECOMMENDATION: That the 2014 External Audit Findings Report dated April 23, 2015 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG for the fiscal year 2014 for the City of Mississauga (City), be received for information.

**REPORT
HIGHLIGHTS:**

- The 2014 External Audit Findings Report provides an overview of the 2014 audit process and findings and highlights those matters on which the Auditors wish to advise the Audit Committee.
- The Audit Committee is responsible for reviewing any reports and correspondence from the External Auditor relating to the City and any local boards or agencies which may be created.
- In 2014, KPMG identified one process improvement recommendation related to tangible capital asset accounting (TCA) and reporting:
 1. City staff continue to work and educate departments involved in the TCA process in order to achieve proper cut-off and explore opportunities to automate this process in order to decrease the delay between activity and recognition.

Prior Year Process Recommendations:

- There were two improvement observations from the 2013 Audit Findings Report:
 1. Perform an updated insurance actuary evaluation.
 - This was completed in 2014.
 2. Proper recognition of assumed assets.
 - Finance addressed this issue with departments in 2014. However, there are still timing delays with the notifications for transactions close to yearend. Finance will review and further update the asset assumption recognition process with departments to ensure assumed assets are recognized in the appropriate year.

BACKGROUND:

The Audit Committee's Terms of Reference (Bylaw #0321-2010) establishes the role and responsibilities of the Audit Committee. The assigned responsibilities of the Committee include reviewing and making recommendations to Council regarding the external audit function, internal audit function, financial reporting, internal controls, and compliance.

The Audit Committee is responsible for reviewing any reports and correspondence from the External Auditor relating to the City and any local boards or agencies which may be created. For fiscal year 2014, local boards and agencies include the Mississauga Public Library Board and the Business Improvement Area Associations.

COMMENTS:

KPMG have now completed the statutory audit for the fiscal year 2014 and have issued an Audit Findings Report for information.

The 2014 External Audit Findings Report assists the Audit Committee in the review of the consolidated financial statements and provides an overview and summary of the findings and an assessment of the completed audit.

The report also provides information and comments regarding the following areas:

- significant audit, accounting and reporting matters
- any corrected or uncorrected audit items
- control deficiencies and business improvement observations
- an Independence Letter

The Process Improvement Observations section provides auditor comments and recommendations relating to the design or effectiveness of internal controls, and/or enhancements to financial accounting and reporting.

In 2014, KPMG identified one process improvement recommendation related to tangible capital asset accounting and reporting:

1. City staff continue to work and educate departments involved in the TCA process in order to achieve proper cut-off and explore opportunities to automate this process in order to decrease the delay between activity and recognition.

Management Response: TCA accounting is a manual process. When TCA was first implemented at the City, an integrated accounting module for tangible capital assets was investigated. At that time, Finance found the available integrated systems to be very complex to implement and manage and also very expensive. Finance chose to implement a less complex and less expensive system called Citywide. Many municipalities across Ontario use this software for their TCA accounting and reporting. Although the Citywide software has some manual components and processes we believe the system and process to be effective for the City of Mississauga.

We will continue to explore ways to automate any manual processes where possible. For example in 2014, the accounting for land additions and disposals was automated which made the yearend land analysis and reconciliation more efficient and effective. We will continue to explore these types of improvements and implement where possible. In addition, there will be a future SAP software review that will look at Capital Budget Control and Asset Accounting streamlining in the future. This review will be scheduled for 2018.

Prior Year Process Recommendations:

There were two improvement observations from the 2013 Audit Findings Report:

1. Perform an updated insurance actuary evaluation.

Management Response: This was completed in 2014.

2. Proper recognition of assumed assets.

Management Response: Finance addressed this issue with departments in 2014. However, there are still timing delays with the notifications for transactions close to yearend. Finance will review and further update the asset assumption recognition process with departments to ensure assumed assets are recognized in the appropriate year.

The Independence Letter identifies any professional services provided by our external auditors, KPMG, to the City during the year. It also identifies any relationships with the City that may reasonably be thought to bear on auditor independence. The Independence Letter confirms KPMG's independence throughout the audit year.

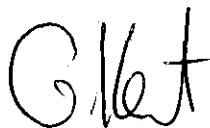
FINANCIAL IMPACT: There are no financial implications to the City from the Audit Findings Report.

CONCLUSION: The 2014 External Audit Findings Report is a by-product of the financial statement audit.

The 2014 External Audit Findings Report provides an overview of the 2014 audit process. The report highlights any audit findings and/or audit observations and recommendations for the Audit Committee's review and consideration.

The Independence Letter summarizes the relationship and independence between the City and our external auditors (KPMG).

ATTACHMENTS: Appendix 1: 2014 Audit Findings Report



Gary Kent

Commissioner of Corporate Services and Chief Financial Officer

Prepared By: Mark Beauparlant, Manager, Corporate Financial Services



AUDIT

The Corporation of City of Mississauga

Audit Findings Report

For the year ended December 31, 2014

KPMG LLP

April 15, 2015

kpmg.ca

2e

Contents

Audit findings summary	2
Areas of focus	3
Misstatements	6
Process improvement observations	8
Appendices	10

This Audit Findings Report should not be used for any other purpose or by anyone other than the Audit Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose

Audit findings summary

Overview

The purpose of this Audit Findings Report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements of The Corporation of City of Mississauga (the "City") as at and for the year ended December 31, 2014.

We appreciate the assistance of management and staff in conducting our audit. We trust that this audit findings report is of assistance to you, and we look forward to discussing our findings and answering your questions.

Key findings

Areas of focus – Changes from the Audit Plan	<ul style="list-style-type: none"> There have been no changes regarding our audit from the Audit Planning Report previously presented to you.
Areas of focus – Significant accounting policies and practices	<ul style="list-style-type: none"> There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.
Areas of focus – Other matters	<ul style="list-style-type: none"> Refer to Misstatement section below.
Areas of focus – Documents containing or referring to the audited financial statements	<ul style="list-style-type: none"> Refer to section below.
Misstatements	<ul style="list-style-type: none"> Refer to Misstatement section below.
Control deficiencies	<ul style="list-style-type: none"> We did not identify any control deficiencies that we determined to be significant deficiencies in Internal Controls over Financial Reporting.

Status

- As of date of this report, we have completed the audit of the financial statements and received evidence of approval of the consolidated financial statements from the City's Chief Financial Officer (individual delegated authority to approve the financial statements).
- Our audit report is dated the date of approval of the consolidated financial statements by the Chief Financial Officer, April 15, 2015.

29

Areas of focus

Included in this section are significant matters we believe are appropriate for discussion at the upcoming audit committee meeting. We look forward to discussing these matters and our findings with you.

Other matters

We have highlighted below other significant matters that we would like to bring to your attention:

Debenture debt
<ul style="list-style-type: none"> • During 2014, The City, through the Regional Municipality of Peel (hereinafter the "Region of Peel"), issued \$37M of debenture debt. • The interest rate and terms of the debenture debt are detailed in Note 8 to the consolidated financial statements.
KPMG comments regarding effect on the audit
<ul style="list-style-type: none"> • We reviewed the Council and Region of Peel by laws on the issuance of the debenture debt.

Ontario Ice Storm Assistance Program
<ul style="list-style-type: none"> • As part of the Ontario Ice Storm Assistance Program, the City reported \$3.3M of grant receivable from the Ministry of Municipal Affairs and Housing (the "Ministry") as at December 31, 2014 related to incremental cost incurred during the 2013 Ice Storm. • Our discussion with management indicated that the City submitted approximately \$9.4M of claims to the Ministry. • Due to the uncertainty associated with the ultimate payout at this time, the City only recorded a receivable for \$3.3M as at December 31, 2014. Should the City be successful in recovering additional amounts up to the value claimed, it will be recorded in revenue in the period in which the cash is received or notification provided that the amount has been approved by the Ministry.
KPMG comments
<ul style="list-style-type: none"> • We reviewed the agreement and correspondence between the City and the Ministry in 2014 and subsequent to year end. • We discussed this matter with management and noted that the receivable as determined by management is based on estimate and information available to date. In addition, they City has limited past experience to assess the ultimate payout of the receivable. • We concurred with management's assessment.

Assumed tangible capital assets ("TCA")

- As part of our testing over land assets at the City, we separately examine acquired land and assumed land.
- During our sample testing of land assumptions, we identified one instance where ownership of a parcel of assumed land, valued at \$3.7M, was transferred to the City during December 2013, but was not recognized into the City's assets until fiscal year 2014.

Misstatements and process improvement observation

- Refer to uncorrected audit misstatements attached to the management representation letter for details.
- Refer to process improvement observation section for recommendation.

Transfer of assets under construction to active TCA

- During our sample testing on transfer of assets under construction to TCA, we identified three infrastructure projects, valued at \$2.2M, were transferred to active TCA in 2014 when the actual substantial completion dates were in 2013.
- The discrepancies result in misstatement between assets under construction and active TCA as reported in the financial statement note disclosure for TCA and can result in understatement in amortization expense for the year.
- We noted that, however, the impact on amortization expense in 2014 is not significant.

KPMG comments and process improvement observation

- Refer to process improvement observation section for recommendation.

Self-insurance valuation

- As recommended in our 2013 Audit Findings Report, management engaged an external actuarial firm in 2014 to undertake a valuation of the City's self-insurance liability as at December 31, 2013. A valuation update was performed for fiscal year 2014 to determine the liability as reported in the City's 2014 consolidated financial statements.

KPMG comments

- We performed substantive testing to validate accuracy of the raw data submitted by the City to the actuary to perform the valuation. We did not identify any discrepancies in the samples we tested.
- The Canadian auditing standards require that we review the qualifications, competence and objectivity of the preparer of the estimate.
- We also reviewed the actuarial valuation report, assumptions made and perform trend analysis of the liability.

2i

Enersource Corporation ("Enersource")
<ul style="list-style-type: none"> As noted in our Audit Planning Report, we assessed Enersource as a significant component to the City's consolidated financial statements. In F'2014, the City's share of Enersource's net income and dividends paid out totaled \$2.7M and \$13M, respectively (2013 - \$20M and \$11M respectively). These transactions are described in Note#5 to the 2014 consolidated financial statements
KPMG comments regarding effect on the audit
<ul style="list-style-type: none"> The City's investment in Enersource is accounted for under the modified equity pick up method in the City's consolidated financial statements, consistent with prior year. Kevin Travers, is the engagement partner on both Enersource and the City and he performed detailed review both sets of financial statements, ensuring that the City's accounting of the transactions with Enersource is appropriate.
Contingent Liabilities
<ul style="list-style-type: none"> The Canadian Professional Accountants Handbook PS3300 Contingent Liabilities requires that the City recognize a liability when "...it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated." At any point in time, the City is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, contract settlement accruals etc.
KPMG comments regarding effect on the audit
<ul style="list-style-type: none"> KPMG has reviewed the City's assessments of contingent liabilities and the process employed to develop and record the related estimated liabilities. Where applicable, KPMG discussed with the individuals responsible for the process and is satisfied that the methodology used is rational, consistent with the approach taken in prior years and has been appropriately reviewed. As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management's best estimates of exposure given the information presently available.

Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

2j

Misstatements

Misstatements identified during the audit have been categorized as follows:

- corrected misstatements, including disclosure misstatements
- uncorrected misstatements, including disclosure misstatements.

Corrected misstatements

The management's representation letter in the Appendices includes all misstatements identified as a result of the audit, communicated to management and subsequently corrected in the financial statements.

We would like to highlight, however, the following corrected misstatements. Amounts below are reported in thousands:

	Income effect	Financial Position	Financial Position	Financial Position
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Net Assets (Decrease) Increase
To record a reclassification item as a result of timing difference in the year-end bank reconciliation	0	2,201	2,201	0

Uncorrected misstatements

The management's representation letter and the Summary of Uncorrected Audit Misstatements in the Appendices disclose the impact of all uncorrected misstatements considered to be other than clearly trivial.

Professional standards require that we request of management and the audit committee that all identified misstatements be corrected. We have made this request of management. However, based on both qualitative and quantitative considerations, management has decided not to correct certain misstatements and represented to us that the uncorrected misstatements—individually and in the aggregate—are, in their judgment, not material to the financial statements. As these items are cut off errors, the accumulated surplus as at fiscal year end 2014 is correct with respect to these items.

We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditors' report.

2k

We would like to highlight, however, the following uncorrected misstatements. Amounts below are reported in thousands:

	Income effect	Financial Position	Financial Position	Financial Position
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Net Assets (Decrease) Increase
To recognize for assumed land that qualified for recognition in fiscal 2013	(3,789)			3,789
To recognize prior year land under roads adjustment reported as in-year adjustment in 2014	(1,262)			1,262
<u>Total</u>	<u>(5,051)</u>			<u>5,051</u>
<u>Error in 2013 FS note disclosures:</u>				
Dr. Tangible Capital Assets 2,200 Cr. Assets under construction 2,200				

Implications of misstatements

Although the uncorrected misstatements have no effect on our auditors' report, these uncorrected misstatements or the underlying matters regarding uncorrected and corrected misstatements (e.g., control deficiencies) could potentially cause future annual or interim financial statements to be materially misstated or have an implication on the financial reporting process.

Process improvement observations

As part of the audit process, we communicate opportunities for improvements in financial or operational processes or controls should we become aware of them during our audit.

Current year process improvement points:

Description of significant deficiency	Potential effect and recommendation	Management Comments
<p>1) As referenced above and as identified during the course of our testing over the recognition of assets into TCA, we identified the following:</p> <ul style="list-style-type: none"> • \$3.7M of assumed land for which the City had ownership in 2013 that was not recognized until 2014 • \$1.3M of adjustment to the land under road TCA population • \$2.2M of misstatement between active TCA and assets under construction 	<p>This resulted in a total of \$5.05M of overstatement in 2014 net surplus.</p> <p>Our discussion with management indicates that the process of recognizing TCA assets remains reliant on significant manual intervention. This is not uncommon in the municipality sector across the country.</p> <p>Similar to previous years, we recommend that management continue to work with and educate the affected departments to achieve proper TCA cutoff and explore opportunities to automate this process in order to decrease the delay between activity and recognition.</p>	<p>TCA accounting is a manual process. When TCA was first implemented at the City, an integrated accounting module for TCA was investigated. At that time, Finance found the available integrated systems to be very complex to implement and manage and also very expensive to implement. Finance chose to implement a less complex and less expensive system called Citywide. Many municipalities across Ontario use this software for their TCA accounting and reporting. Although the Citywide software has some manual components and processes, we believe the system and process to be effective for the City. We will continue to explore ways to automate any manual processes where possible. For example in 2014, the accounting for land additions and disposals was automated which made the year-end land analysis more efficient and effective. We will continue to explore these types of improvements and implement where possible. In addition, there will be a future SAP software review that will look at Capital Budget Control and Asset Accounting streamlining in the future. This review will be scheduled for 2018 due to other competing priorities.</p>

2m

Description of significant deficiency	Potential effect and recommendation	Management Comments
		Finance will also review with departments the assets under construction to ensure any assets going in service are recognized in the appropriate year.

Process improvement points identified in the **prior year** and current year update:

Description of significant deficiency	Potential effect and recommendation and update	Management Comments
In fiscal year 2013, we noted that the process of recognizing assumed assets was reliant on manual intervention.	In fiscal year 2013, this resulted in \$1M of assumed assets that were not originally recognized by management. CURRENT YEAR UPDATE: this observation remains valid.	Finance will review and update the asset assumption recognition process with departments to ensure assumed assets are identified up to December 31 of each year and are recognized in the appropriate year.
During our audit of self-insurance liability as at fiscal 2013 year end, we noted that the study was not updated to capture the financial impact of new legislations.	This resulted in prior year's financial statement disclosure not necessarily demonstrating the change due to legislation. We had recommended that a new valuation be performed. CURRENT YEAR UPDATE: this recommendation has been implemented in the current year.	Completed.

Management's responses

Management's responses have not been subjected to the audit procedures applied in the audit, and accordingly, we express no opinion on them.

Appendices

Independence letter

Management representation letter

Background and Professional Standards

Current developments

Thought leadership

Independence letter

Members of the Audit Committee
The Corporation of the City of Mississauga
300 City Centre Drive
Mississauga, ON L5B 3C1

April 15, 2015

Ladies and Gentlemen,

Professional standards specify that we communicate to you in writing all relationships between the Entity (and its related entities) and our firm, that may reasonably be thought to bear on our independence.

In determining which relationships to report, we consider relevant rules and related interpretations prescribed by the relevant professional bodies and any applicable legislation or regulation, covering such matters as:

- a) provision of services in addition to the audit engagement
- b) other relationships such as:
 - holding a financial interest, either directly or indirectly, in a client
 - holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
 - personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
 - economic dependence on a client

PROVISION OF SERVICES

The following summarizes the professional services rendered by us to the Entity (and its related entities) from January 1, 2014 up to the date of our auditors' report:

Description of Professional Services
<ul style="list-style-type: none"> • Audit of the 2014 consolidated financial statements for the Corporation of the City of Mississauga • Audit of the 2014 financial statements of the City of Mississauga Public Library Board and the City of Mississauga Trust Funds • Audit of the 2014 financial statements of Enersource Corporation • Audit of the 2014 of the City of Mississauga Clarkson Business Improvement District Association, City of Mississauga Streetsville Business Improvement District Association, City of Mississauga Port Credit Business Improvement Area, Malton Business Improvement Area • Audit of Canada Strategic Infrastructure fund agreement expenditures report • Audit of the City of Mississauga Next Steps to Active Living Program

Professional standards require that we communicate the related safeguards that have been applied to eliminate identified threats to independence or to reduce them to an acceptable level. Although we have policies and procedures to ensure that we did not provide any prohibited services and to ensure that we have not audited our own work, we have applied the following safeguards regarding the threats to independence listed above:

- We instituted policies and procedures to prohibit us from making management decisions or assuming responsibility for such decisions.
- We obtained pre-approval of non-audit services and during this pre-approval process we discussed the nature of the engagement and other independence issues related to the services.
- We obtained management's acknowledgement of responsibility for the results of the work performed by us regarding non-audit services and we have not made any management decisions or assumed responsibility for such decisions.

OTHER RELATIONSHIPS

We are not aware of any other relationships between our firm and the Entity (and its related entities) that may reasonably be thought to bear on our independence from January 1, 2014 up to the date of our auditors' report.

CONFIRMATION OF INDEPENDENCE

We confirm that we are independent with respect to the Entity (and its related entities) within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2014 up to the date of our auditors' report.

OTHER MATTERS

This letter is confidential and intended solely for use by those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purposes.

29

KPMG shall have no responsibility for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 15, 2015

KPMG LLP
Yonge Corporate Centre
4100 Yonge Street, Suite 200
Toronto, Ontario M2P 2H3
Canada

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of The Corporation of the City of Mississauga ("the Entity") as at and for the period ended December 31, 2014.

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

GENERAL:

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 11, 2011 and amendment dated October 30, 2013, for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework
 - b) providing you with all relevant information, such as all financial records and related data and complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of the Council and committees of the Council that may affect the financial statements, and access to such relevant
 - c) such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
 - d) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
- a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the Entity and involves: management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the Entity's financial statements, communicated by employees, former employees, analysts, regulators, or others
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties and all the related party relationships and transactions/balances of which we are aware and all related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 6) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

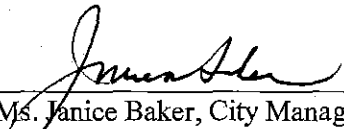
NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:


- 7) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

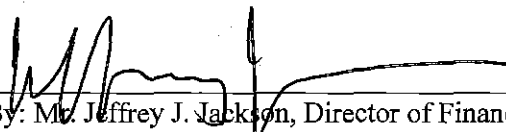
MISSTATEMENTS:

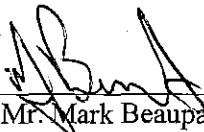
- 8) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 9) We approve the corrected misstatements identified by you during the audit described in **Attachment II**.

Yours truly,


By: Ms. Janice Baker, City Manager and Chief Administrative Officer


By: Mr. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer


By: Mr. Jeffrey J. Jackson, Director of Finance and Treasurer


By: Mr. Mark Beuparlant, Manager, Corporate Financial Services

I have the recognized authority to take, and assert that I have taken, responsibility for the financial statements.

cc: Audit Committee

2u

ATTACHMENT I – DEFINITIONS

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II

Summary of uncorrected audit misstatement

Method used to evaluate audit differences: Income statement (Roll over)

									Impact on financial statement captions - DR(CR)								
#	Account #	Account Name	Description / Identified During	Error Type	Amount	Income Effect DR (CR)			Balance Sheet Effect					Cash Flow Effect			Statement of Comprehensive Income - Debit (Credit)
					DR (CR)	Income effect of correcting the balance sheet in prior period	Income effect of current period balance sheet	Income effect (Rollover method)	Accumulated surplus at period end	Financial Assets	Non-Financial Assets	Financial Liabilities	Financial Liabilities	Operating Activities	Investing Activities	Financing Activities	
1	4000	Contributed assets	To adjust for assumed land that qualified for recognition in F2013		\$ 3,789,371	\$ -	\$ 3,789,371	\$ 3,789,371	\$ -					\$ -	\$ -	\$ -	\$ -
	22222	Accumulated Surplus			\$(3,789,371)				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	4000	Contributed assets	To recognize land adjustments into adjustment reported by management as an in-year adjustment		\$ 1,261,988	\$ -	\$ 1,261,988	\$ 1,261,988	\$ -					\$ -	\$ -	\$ -	\$ -
	22222	Accumulated Surplus			\$(1,261,988)				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total uncorrected misstatements (before tax)						\$ -	\$ 5,051,359	\$ 5,051,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax effect of uncorrected misstatements or tax audit misstatements						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total uncorrected misstatements (after tax)						\$ -	\$ 5,051,359	\$ 5,051,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Final financial statement amounts							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage of uncorrected misstatements after tax financial statement amounts								0.00%	- %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

22

Attachment II

Summary of corrected audit misstatements

							Impact on financial statement captions - DR(CR)											
#	Account #	Account Name	Description / Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehensive Income - Debit (Credit)	Recorded by		
					DR (CR)	Income effect	Accumulated surplus at period end	Financial Assets	Non-Financial Assets	Financial Liabilities	Non-Current Liabilities	Operating Activities	Investing Activities	Financing Activities				
1.	1005	Cash	To record a reclassification item as a result of timing difference in the year-end bank reconciliation		\$ 2,201,008		\$ -	\$ 2,201,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
	2000	Accounts Payable			\$(2,201,008)		\$ -	\$ -	\$ -	\$(2,201,008)	\$ -	\$ -	\$ -	\$ -	\$ -			
Total effect of corrected audit misstatements						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			

Background and Professional Standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

24 Current developments

GST/HST Harmonized Audits

The Canada Revenue Agency (CRA) has followed through on its intent to focus on public service bodies (e.g., municipalities, universities, colleges, hospitals, schools, associations, charities, non-profits etc.) for purposes of conducting GST/HST audits. Many public service bodies have undergone audits or have been contacted to begin an audit.

We offer the following general observations on the impact of the CRA's increased focus on the public sector:

- It is important that you have a plan in place for a GST/HST audit, including having a fixed point of contact for the auditor. Planning and managing the audit is as important as having the appropriate policies and procedures.
- The CRA has been focusing on documentation, sharing arrangements, grants and sponsorships, and the allocation of inputs between taxable and exempt activities for input tax credit purposes (e.g. the filing of a Section 211 election and claiming of input tax credits on the use of real property).
- The CRA has not consistently been applying audit offsets (e.g., allowing unclaimed input tax credits or rebates) that would help minimize the impact of any assessments.

Our experience with GST/HST auditors has varied from audit to audit. However, in each case, the taxpayer has the burden of proof. The best approach is to be prepared in advance of receiving that call from CRA.

Cyber Security - It's more than just Technology

Organizations are subject to increasing amounts of legislative and public pressures to show they are managing and protecting their information appropriately. Simultaneously, the threats from cyber criminals and hackivists are growing in scale and sophistication. Organizations are also increasingly vulnerable as a result of technological advances and changing working practices including remote access, cloud computing, mobile technology and services on demand. The financial and reputational costs of not being prepared against a cyber-attack could be significant.

Cyber Security is not solely about Information Technology; it is fundamentally an operational and governance issue. Not-for-profit organizations should develop an operations-wide understanding of their threats, safeguards, and responses. Preparing this summary diagnostic will require the involvement of individuals in all areas of the organization, including those involved in hiring, procurement, customer relations and management. Key elements to consider include:

- Assessing the likelihood and intensity of a cyber-attack, based on the value of your information and your public profile
- Assessing your vulnerabilities to a cyber-attack
- Preparing your people, processes, infrastructure and technology to resist a cyber-attack, and to minimize its impact
- Detecting a cyber-attack and initiating your response
- Containing and investigating the cyber-attack
- Recovering from a cyber-attack and resuming business operations

- Reporting on and improving security

Not-for-profit organizations are at particular risk due to the information they maintain, including research data, member or student data, and health information. The reputational risk of this information not being adequately protected can often outweigh the financial consequences of a breach.

Not-for-profit organizations need to review their operations and consider cyber risks, then assess the organization's cyber maturity in addressing those risks. Structured models for completing this exercise exist for organizations of all sizes, as no one is immune to the risk of a cyber-attack.

KPMG in Canada, in collaboration with Imagine Canada, recently presented a webinar called "*Cyber Security: The new threat for Not-for-Profit Organizations*". We encourage you to view this webinar on Imagine Canada's website at:

<http://sectorsource.ca/resource/video/cyber-security-not-profit-organizations-presented-kpmg>

Thought leadership

Publications and Communications

- **Public Service Transformed: Harnessing the Power of Behavioural Insights**

The report explores the potential and use of behavioural insights in modernizing the public service cultural transformation and provides actionable recommendations designed to encourage the four positive work behaviours (collaboration, innovation, transparency and a focus on results) that will help the public services sector adapt to changing conditions, encourage culture change and produce the kinds of outcomes and transformation that governments are demanding.

- **Future State 2030**

This report is part of a series that explores how governments must respond to the global megatrends (Demographics, Rise of the Individual, Enabling technology, Economic interconnectedness, Public debt, Economic power shift, Climate change, Resource stress, and Urbanization) driving change into 2030.

- **The Integration Imperative: reshaping the delivery of human and social services**

The report provides the results of a global survey of government and thought leaders to review active integration schemes in the human and social services sector across 22 jurisdictions from around the world. It examines the features of integration initiatives and identifies where the integration agenda is heading, including the key trends, the lessons learned, and the implications of these trends for governments, clients, and providers from the private and not-for-profit sectors.

- **Contaminated Sites – Issues and Implementation Action Plan for PS 3260**

This report addresses the Public Sector Accounting Board's accounting standard on Liability for Contaminated Sites (Section PS3260) which will affect all entities reporting under the Public Sector Accounting (PSA) standards. The report discusses why contaminated sites are an issue, provides a technical overview, explores liability measurement, and outlines an implementation action plan.

*Reprinted with permission of the Financial Management Institute of Canada (fmi*igf)

2bb

www.kpmg.ca

KPMG LLP, an Audit, Tax and Advisory firm (kpmg.ca) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative ("KPMG International"). KPMG member firms around the world have 155,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

© 2014 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.



Corporate Report

Clerk's Files

Originator's
Files

3

DATE: April 29, 2015

AUDIT COMMITTEE
MAY 11 2015

TO: Chair and Members of Audit Committee
Meeting Date: May 11, 2015

FROM: Janice M. Baker, FCPA, FCA
City Manager & Chief Administrative Officer

SUBJECT: Status of Outstanding Audit Recommendations as of March 31, 2015

RECOMMENDATION: That the report dated April 29, 2015 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of March 31, 2015 be received for information.

BACKGROUND: The Terms of Reference for the Audit Committee (By-law 0069-2015) requires the submission of an annual report from the City Manager & Chief Administrative Officer indicating progress made in addressing recommendations which were made by Internal Audit and by the City's External Auditor. At the November 2011 Audit Committee meeting, members requested that a bi-annual progress update be submitted. The current report shows the status as of March 31, 2015.

COMMENTS: A summary of recommendations which were outstanding as of September 30, 2014 (the effective date of the previous status report) and new recommendations which were scheduled for completion from October 1, 2014 to March 31, 2015 is attached as Appendix 1.

Ten (10) of the seventy-seven (27) recommendations which were previously outstanding as at September 30, 2014 have since been

completed and implementation of these recommendations has been verified by Internal Audit. Detailed comments and status for the seventeen (17) recommendations that were still outstanding are attached in Appendix 2. Of the seventeen (17) recommendations, thirteen (13) require enhancement of computer systems and all are in various stages of progression. Work is also underway to complete the remaining four (4) recommendations relating to update and further improvement of business processes.

Fifty-nine (59) new recommendations that were due between October 1, 2014 and March 31, 2015 were added to the list. Thirty-six (36) have been completed and implementation of these recommendations has been verified by Internal Audit. The remaining twenty-three (23) recommendations are expected to be completed by the end of the year. In addition, seventeen (17) recommendations from the Golf Courses Audit and one (1) recommendation from the Marina Operations Audit that were originally scheduled for implementation after March 31, 2015 were completed ahead of schedule. Implementation of these recommendations has also been confirmed by Internal Audit.

FINANCIAL IMPACT: None

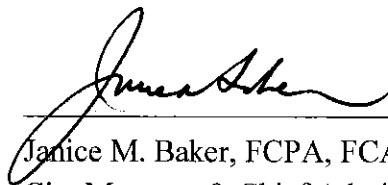
CONCLUSION: In summary, eighty-six (86) recommendations were scheduled for implementation prior to March 31, 2015. Ten (10) of the recommendations that were outstanding from the previous status report of September 30, 2014 were completed and an additional thirty-six (36) with due dates between October 1, 2014 and March 31, 2015 were done. In addition, eighteen (18) recommendations were completed ahead of schedules. Work continues with implementation of the forty (40) recommendations that are in progress as at March 31, 2015.

Continuous efforts are being made by staff to implement audit recommendations and progress is closely monitored to ensure timely implementation.

ATTACHMENTS:

Appendix 1: Status of Outstanding Audit Recommendations as of March 31, 2015

Appendix 2: Status of Audit Recommendations Outstanding as of September 30, 2014 and still in progress as of March 31, 2015



Janice M. Baker, FCPA, FCA
City Manager & Chief Administrative Officer

Prepared By: Barbara Webster, Senior Internal Auditor

**STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS
AS OF March 31, 2015**

Page 1 of 2

(1) Audit	(2) Date Issued	(3) Outstanding September 30, 2014 *	(4) New **	(5) Implemented/ Resolved	(6) In Progress March 31, 2015	(7) Implemented Ahead of Schedule ***
Mobile Licensing Revenue	02/11	4		2	2	
Compliance & Licensing Revenue	09/11	1			1	
LVA Cheque Requisition Review	09/12	1		1		
Medium Value Acquisition	02/13		1		1	
IT Hardware Inventory	08/13	1		1		
Paid Parking	09/13	6		4	2	
Building Enforcement Inspection Review	12/13	2	1	1	2	
Marina Operations	02/14	2	4	3	3	1
Accounts Receivable Collections	04/14	9	2	2	9	
2013 Investment Audit	04/14	1	1	1	1	
Museum Audit	06/14		6	6		
Notices of Contravention Process Audit	08/14		4		4	
Mississauga Transit Union Payroll Audit	08/14		9	2	7	
T & W Current Maintenance Contracts	02/15		5	5		
Golf Courses	02/15		26	18	8	17
TOTAL		27	59	46	40	18

**STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS
AS OF March 31, 2015**

Page 2 of 2

* This column includes recommendations which were originally scheduled for implementation on or prior to September 30, 2014.

** This column includes recommendations which were originally scheduled for completion between October 1, 2014 and March 31, 2015 (effective date of the current report to the Audit Committee).

*** This column shows recommendations that were originally scheduled for completion after March 31, 2015 but were implemented ahead of schedule.

**STATUS OF AUDIT RECOMMENDATIONS
OUTSTANDING AS OF SEPTEMBER 30, 2014 AND
STILL IN PROGRESS AS OF MARCH 31, 2015**

Page 1 of 2

Category	Audit	No. of Recommendations	Comments/Status
Update of Business Processes	2011 Mobile Licensing Revenue	1	Read only access to the provincial ICON system, to check on the status of any tickets or fines issued by Enforcement before processing applications for licences, was denied by the Province. A new process will be developed as part of the implementation of the Administrative Penalty System which is currently underway. It is expected to be done by July 2015.
	2011 Compliance and Business Licensing Revenue	1	A Lean project is in progress and the requirements for reporting and monitoring trends and decision making for Compliance and Business Licensing Unit will be reviewed.
	2014 Marina Operations	1	Exceptions to the cash handling procedures at the Marina have been reviewed. Authorization from Corporate Finance is pending.
	2014 Investment	1	Cash and Securities Management By-law will be updated to reflect organizational changes and current business practices.
Enhancement of Computer System	2011 Mobile Licensing Revenue	1	Staff are working with Information Technology on the AMANDA application to enhance reporting capabilities. It will be rolled out with the implementation of the Administrative Penalty System in July 2015.
	2013 Medium Value Acquisition	1	An automation project for Materiel Management is underway and is expected to be completed by the end of 2015. Acquisition processes would be reviewed and documented as part of that project.
	2013 Paid Parking	2	Staff are working with Information Technology to install the necessary applications to gain access to the data for reconciliation and reporting purposes. These are expected to be completed by September 30, 2015.
	2013 Building Enforcement	2	Information Technology is in the process of implementing a Mobile Device Management System for the BYOD program to ensure

**STATUS OF AUDIT RECOMMENDATIONS
OUTSTANDING AS OF SEPTEMBER 30, 2014 AND
STILL IN PROGRESS AS OF MARCH 31, 2015**

Category	Audit	No. of Recommendations	Comments/Status
	Inspection Review		adequate controls are built in to protect Corporate data. This is expected to be completed by October 31, 2015.
	2014 Accounts Receivable Collections	7	Staff are in the process of reviewing the functionalities of the SAP module for potential replacement of the Accounts Receivable Collection System. This is expected to be done by February 2016.
TOTAL		17	



Corporate Report

Clerk's Files

Originator's
Files

4

DATE: April 23, 2015

AUDIT COMMITTEE
MAY 11 2015

TO: Chair and Members of Audit Committee
Meeting Date: Monday, May 11, 2015

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

SUBJECT: **Final Audit Reports:**
1. Community Services Department, Parks & Forestry Division, Parks Operations Section – Parks Work Records Audit, and
2. Corporate Services Department, Finance Division, Accounts Payable Section – One Time Vendor Payment Audit.

RECOMMENDATION: That the report dated April 23, 2015 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Parks & Forestry Division, Parks Operations Section – Parks Work Records Audit, and
2. Corporate Services Department, Finance Division, Accounts Payable Section – One Time Vendor Payment Audit

be received for information.

BACKGROUND: In accordance with the Terms of Reference for the Audit Committee (By-law 0069-2015), 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

Operations Section – Parks Work Records Audit, and
2. Corporate Services Department, Finance Division, Accounts
Payable Section – One Time Vendor Payment 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 and Forestry Division,
Parks Operations Section – Parks Work Records Audit and Corporate
Services Department, Finance Division, Accounts Payable Section –
One Time Vendor Payment 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