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## **Audit Committee**

### **Date**

2016/03/07

### **Time**

9:00 AM

### **Location**

Civic Centre, Council Chamber,  
300 City Centre Drive, Mississauga, Ontario, L5B 3C1 Ontario

### **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, Legislative Services  
905-615-3200 ext. 5426  
[carmela.radice@mississauga.ca](mailto:carmela.radice@mississauga.ca)

### **Find it Online**

<http://www.mississauga.ca/portal/cityhall/auditcommittee>

1. **CALL TO ORDER**
2. **APPROVAL OF AGENDA**
3. **DECLARATION OF CONFLICT OF INTEREST**
4. **MINUTES OF PREVIOUS MEETING**
- 4.1. Minutes of November 16, 2015
5. **DEPUTATIONS** - Nil
6. **MATTERS TO BE CONSIDERED**
- 6.1. Report dated February 22, 2016, from the Director of Internal Audit re: **Final Audit Reports: Final Reports: 1. Community Services Department, Recreation Division - Mississauga SportZone Cash Handling Audit, 2. Transportation and Works Department, Engineering and Construction Division, Capital Works Section - Capital Works Contracts Audit, and 3. Corporate Services Department, Finance Division, Investments Section - 2015 Investment Audit.**

Recommendation

That the report dated February 22, 2016 from the Director of Internal Audit with respect to final audit reports: 1. Community Services Department, Recreation Division – Mississauga SportZone Cash Handling Audit, 2. Transportation and Works Department, Engineering and Construction Division, Capital Works Section – Capital Works Contracts Audit, and 3. Corporate Services Department, Finance Division, Investments Section – 2015 Investment Audit, be received for information.

Recommend Receipt

- 6.2. Report dated February 22, 2016, from the Director of Internal Audit re: **Internal Audit Work Plan for 2016 to 2017.**

Recommendation

1. That the report dated February 22, 2016 from the Director of Internal Audit, with respect to the Internal Audit Work Plan for 2016 to 2017 be approved.

Recommend Approval

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7. **INQUIRIES**
  8. **CLOSED SESSION** - Nil
  9. **ADJOURNMENT**

# City of Mississauga

# Minutes



## Audit Committee

### Date

November 16, 2015

### Time

9:00 a.m.

### Location

Council Chambers, 2<sup>nd</sup> Floor Civic Centre

300 City Centre Drive, Mississauga, ON L5B 3C1

### Members Present

#### Members Present

Mayor Bonnie Crombie (arrived at 9:05 a.m.)

Councillor Jim Tovey Ward 1

Councillor Karen Ras Ward 2

Councillor Ron Starr Ward 6 (Chair)

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, Director of Finance and Treasurer

Mark Beauparlant, Manager of Corporate Financial Services

Sally Eng, Director, Internal Audit

Ana Chan, Senior Manager, KPMG, External Auditor

Carmela Radice, Legislative Coordinator, Office of the City Clerk

### Find it online

<http://www.mississauga.ca/portal/cityhall/auditcommittee>

1. **Call to Order** – (9:03 a.m.)2. **Approval of the Agenda**

That the agenda be approved as follows:

(a) Councillor Starr added the appointment of the Chair of Audit Committee.

Motion: Moved by: K. Ras

3. **Declarations of Conflict of Interest** - Nil4. **Minutes of Previous Meeting**

4.1 That the Audit Committee minutes of September 21, 2015 be approved as presented.

Approved (M. Mahoney)

5. **Deputations** - Nil6. **Matters to be Considered**

6.1 That the report dated October 9, 2015, from the Commissioner of Corporate Services and Chief Financial Officer re: **External Auditor Appointment**.

Gary Kent, Commissioner of Corporate Services and Chief Financial Officer spoke to the appointment of the external auditor appointment.

RECOMMENDATION

AC-0012-2015

That KPMG LLP be appointed the City's external auditor for the term of its contract (2015-2019 fiscal year) with the City and until a successor is appointed.

Approved (J. Tovey)

Mayor Crombie arrived at 9:05 a.m.

- 6.2 That the report dated October 15, 2015, from the Commissioner of Corporate Services and Chief Financial Officer re: **Audit Engagement Letter and Audit Planning Report.**

Gary Kent, Commissioner of Corporate Services and Chief Financial Officer and Ana Chan, Senior Manager, KPMG, External Auditor provided highlights of the audit engagement letter and audit planning report. Councillor Starr inquired if this structure is typical of every municipality. Ms. Chan indicated that it is a typical structure for a municipality.

#### RECOMMENDATION

AC-0013-2015

1. That the report dated October 15, 2015, from the Commissioner of Corporate Services and Chief Financial Officer with respect to the Audit Engagement Letter covering the fiscal years 2015 through 2019 and Audit Planning Report, be received for information.
2. That the 2015 Audit Planning Report, be received for information (Appendix 2).
3. That the Chair and Chief Financial Officer be directed to execute the Audit Engagement Letter covering the fiscal years 2015 through 2019 (Appendix 1).

Received (K. Ras)

- 6.3 That the report dated November 2, 2015, from the Director of Internal Audit re: **Final Audit Reports: 1. Corporate Services Department, Facilities and Property Management Division – Current Maintenance Contracts Audit, and 2. Corporate Services Department, Facilities and Property Management Division – Rental and Lease Agreements Audit.**

Thomas Kelly, Senior Internal Auditor provided an overview of Corporate Services Department, Facilities and Property Management Division – Current Maintenance Contracts Audit report. He further indicated that the audit resulted in 11 recommendations of which 7 address concerns with compliance and clarification of Corporate Requirements; 3 enhance operational control and financial reporting; and 1 aims to improve efficiency/effectiveness. Management agreed with the recommendations and 2 will be completed by November 2015; 8 will be implemented before June 2016 and the remaining recommendation requires a review of the Infor Asset Management System “service contract” module to prepare monthly preventative maintenance schedules is expected to be completed at June 2018. Councillors Ras and Starr inquired about training full-time staff and the contractors. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer indicated that staff and the contractors are reminded of their

responsibilities. Raj Sheth, Director of Facilities and Property Management indicated that there has not been any formal training for the contractors, although staff works closely with each vendor to make sure they are providing their information to the right department. Sally Eng, Director of Internal Audit indicated that the controls are being amended to provide more efficiency and effectiveness.

Tara Zammit, Audit Associate provided an overview of Corporate Services Department, Facilities and Property Management Division – Rental and Lease Agreements Audit report. She further indicated that the audit resulted in 17 recommendations of which 4 are related to Operational Control and Financial Reporting; 5 are for Safeguarding of Assets and information; 6 deal with issues on Compliance with the Clarification of Corporate Requirements and the remaining 2 enhance Efficiency and Effectiveness. Management agreed with the recommendations of which 8 have been completed or are ongoing; 6 will be done by December 31, 2015; 2 will be completed before June 30, 2016 and the remaining recommendations which relate to the development of a departmental procedure manual is expected to be completed by September 30, 2016. Councillor Starr inquired about the agreements and revenues. Ron Sanderson, Manager of Realty Services spoke about staff and their responsibilities regarding the agreements. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer indicated that the agreements for the community centres are revenue neutral.

#### RECOMMENDATION

AC-0014-2015

That the report dated November 2, 2015, from the Director of Internal Audit with respect to final audit reports: 1. Corporate Services Department, Facilities and Property Management Division – Current Maintenance Contracts Audit, and 2. Corporate Services Department, Facilities and Property Management Division – Rental and Lease Agreements Audit, be received for information.

Received (J. Tovey)

- 6.4 That the report dated November 2, 2015, from the City Manager and Chief Administrative Officer re: **Status of Outstanding Audit Recommendations as of September 30, 2015.**

Councillor Ras inquired about the outstanding recommendations since 2011. Sally Eng, Director of Internal Audit indicated that system upgrades make the recommendations take some time to complete.

RECOMMENDATION

AC-0015-2015

That the report dated November 2, 2015, from the City Manager and Chief Administrative Officer re: Status of Outstanding Audit Recommendations as of September 30, 2015, be received for information.

Received (K. Ras)

- 6.5 Members of the Committee appointed Councillor Starr as Chair of the Audit Committee for the term of office to November 30, 2018 or until a successor is appointed.

RECOMMENDATION

AC-0016-2015

That Councillor Ron Starr be appointed as Chair of the Audit Committee for the term of office to November 30, 2018 or until a successor is appointed.

Approved (J. Tovey)

7. **Inquiries** - Nil
8. **Closed Session** - Nil
9. **Adjournment** - (9:38 a.m.)



# City of Mississauga

## Corporate Report



Date: 2016/02/22

To: Chair and Members of Audit Committee

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

Originator's files:

Meeting date:  
2016/03/07

### Subject

#### Final Reports:

1. **Community Services Department, Recreation Division - Mississauga SportZone Cash Handling Audit,**
2. **Transportation and Works Department, Engineering and Construction Division, Capital Works Section - Capital Works Contracts Audit, and**
3. **Corporate Services Department, Finance Division, Investments Section - 2015 Investment Audit.**

### Recommendation

That the report dated February 22, 2016 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Recreation Division – Mississauga SportZone Cash Handling Audit,
2. Transportation and Works Department, Engineering and Construction Division, Capital Works Section – Capital Works Contracts Audit, and
3. Corporate Services Department, Finance Division, Investments Section – 2015 Investment Audit

be received for information.

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 three audits, being

1. Community Services Department, Recreation Division – Mississauga SportZone Cash Handling Audit,
2. Transportation and Works Department, Engineering and Construction Division, Capital Works Section – Capital Works Contracts Audit, and
3. Corporate Services Department, Finance Division, Investments Section – 2015 Investment Audit.

The first two audit reports are separately attached as Appendices 1 and 2 and are hereby submitted to the Audit Committee for consideration.

Internal Audit has also completed the 2015 Investment Audit. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

Investment audits are performed annually and transactions are tested over the course of the year. The 2015 Investment Audit covered activities from January 1<sup>st</sup> to December 31<sup>st</sup>, 2015. The objectives of the audit were:

- A. Investments are in compliance with legislation, Council By-laws and Corporate Policy and Procedures 04-06-02;
- B. Return on investment is reasonable, having regard to constraints imposed by legislation, Council By-laws and City policy;
- C. There are proper controls over the investment process;
- D. Investment commitments do not interfere with the required cash flow and that sufficient working funds are maintained.
- E. Audit recommendations from the previous investment audit report, if any, were implemented or the issues identified were resolved.

Based on the audit work performed, we found that the objectives stated above were met and there were no concerns or recommendations resulting from the 2015 Investment Audit.

## Financial Impact

Not applicable.

## Conclusion

The Community Services Department, Recreation Division – Mississauga SportZone Cash Handling Audit; Transportation and Works Department, Engineering and Construction Division, Capital Works Section – Capital Works Contracts Audit; and Corporate Services Department,

Audit Committee

2016/02/22

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Originators files: File names

Finance Division, Investments Section – 2015 Investment Audit are now complete and are submitted for consideration by the Audit Committee.

## Attachments

Appendix 1: Community Services Department, Recreation Division - Mississauga SportZone Cash Handling Audit

Appendix 2: Transportation and Works, Engineering and Construction Division, Capital Works Section - Capital Works Contracts Audit



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Sally P. Eng, CPA, CA, CMA

Director, Internal Audit

Prepared by: Sally P. Eng

City of Mississauga  
**Corporate Report**



Date: 2016/02/22

To: Chair and Members of Audit Committee

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

Originator's files:

Meeting date:  
2016/03/07

## Subject

**Internal Audit Work Plan for 2016 to 2017**

## Recommendation

1. That the report dated February 22, 2016 from the Director of Internal Audit, with respect to the Internal Audit Work Plan for 2016 to 2017 be approved.

### Report Highlights

- A three year work plan for Internal Audit (for 2015 to 2017) was approved by the Audit Committee on March 9, 2015.
- With the approval of the Audit Committee on September 21, 2015, two audits that were originally scheduled for 2015 were postponed to 2016 due to an extended staff absence.
- At the end of 2015, seven (7) audits were in various stages of completion and were carried over to 2016, three (3) of which will be presented to the Audit Committee at the March meeting.
- The work plan for 2016 to 2017 has been amended to take into consideration the changes in resources available in Internal Audit and the increase in requests for consulting services and special assignments.

## Background

The Terms of Reference for the Audit Committee (By-law 0069-2015) states that the Committee shall review the "work plan, staffing and budget of Internal Audit" to ensure that the audit work plan is compatible with Corporate objectives and priorities. The Internal Audit Charter (By-law 0065-2013) requires the Internal Audit Division to develop "a flexible audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management and submit that plan to the Audit Committee for review and approval as well as periodic updates." A three (3) year Work Plan for 2015 to 2017 was approved by the Audit Committee on March 9, 2015.

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Originators files: File names

This report provides information on the status of the audits for 2015 and proposed changes to the Work Plan for 2016 and 2017, as well as consulting projects and other activities planned for 2016.

## Comments

### 1. Status of the 2015 Work Plan

Of the 20 projects that were approved by the Audit Committee for 2015, 14 were completed, and with the approval of the Audit Committee, two (2) were deferred to 2016 as a result of an extended staff absence. The F & PM Capital Maintenance Contracts Audit which was originally scheduled to start at the end of 2015 was subsequently postponed to 2016 due to changes in resource allocation in the Internal Audit Division. In its place, planning for the Forestry Capital Contracts Audit commenced before the end of 2015. This and three (3) other audits (i.e. Corporate Fleet, IT Security and Meadowvale Theatre) are currently in progress.

### b. 2016 to 2017 Work Plan

#### (a) Audits (Assurance Projects)

The 2016 to 2017 Work Plan is built on the remaining projects listed in the 2015 to 2017 Work Plan adjusted to show changing needs and priorities as a result of updated information, changes in risk profile and further discussion with senior management. Due to a maternity leave in 2016, the original schedule and assignment for some of these audits were also adjusted to balance the workload in Internal Audit and to align the assignments based on experience of the auditors, as well as to provide the auditors with the opportunities to expand their experience by working with different audit areas. A recent time sensitive request from senior management has resulted in further amendments to the work plan. Appendix 1 shows the revised list of audits by the City's Service Areas by Year.

#### (b) Consultation, Special Assignments and Other Activities

The percentage of Audit staff time spent on consultative services continues to rise as Internal Audit is committed to promoting a proactive and collaborative approach to assist management in identifying and mitigating risks. Internal Audit is currently involved in an advisory capacity in a number of Corporate projects including Stormwater Charges; Electronic Records Management; Revenue Management and Bank Automation; Class Replacement Payment Model; and Purchasing By-law. The schedules and amount of time required to provide these services largely depend on the progress and complexity of the projects concerned and generally are not within the control of Internal Audit. In addition, Internal Audit has been requested by management to conduct a number of special assignments to provide them with information and analyses for appropriate follow up; as well as involvement in the review and investigation of complaints through the Whistleblower Program where necessary.

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Originators files: File names

Other consulting services that are ongoing include assistance to staff in implementing audit recommendations; commenting on new or amended Corporate policies and procedures, and business processes. As the number of Lean Projects increases throughout the City, requests for Internal Audit's opinion on controls for the new processes have also risen.

All these activities require careful consideration to ensure that there is proper balance between assurance and consulting services provided by the Division.

Other activities of Internal Audit include follow up of outstanding audit recommendations which is conducted twice a year; as well as efforts to maintain an audit team with versatile skills including staff development and continuous improvement initiatives and networking with counterparts from other municipalities.

#### (c) Changes to Proposed Program

It is important that the Internal Audit Work Plan remains flexible to accommodate changes that may arise from expansion of audit scope where appropriate and ad hoc requests for both assurance and consultative services as needs and priorities change during the year.

The status of the Work Plan will be presented to the Audit Committee at the September Committee meeting. It will also be refreshed at the beginning of 2017 to take into consideration any changes that may be required.

## Financial Impact

None.

## Conclusion

The first year of the 2015 to 2017 Internal Audit Work Plan is now complete. Three (3) of the seven (7) audits that were carried forward to 2016 will be presented at the March Audit Committee and the four (4) audits that commenced towards the end of 2015 are in various stages of progression. The 2016 and 2017 Work Plan has been updated to incorporate audits that have been postponed from 2015 and to reflect changing needs, priorities and resource allocations.

While specific projects are listed for 2016 and 2017, flexibility of the Work Plan is required to accommodate the increasing number of requests for consulting services and special assignments; justified expansion of audit scope; and involvement in the Whistleblower Program. A progress report will be provided to the Audit Committee at the September meeting and the Work Plan will be refreshed at the beginning of 2017.

## Attachments

Appendix 1: 2016 - 2017 Internal Audit Work Plan by Service Areas by Year

Audit Committee

2016/02/22

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Originators files: File names



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

Prepared by: Sally P. Eng

2016 – 2017  
INTERNAL AUDIT WORK PLAN  
Audits by Service Area by Year

2016		2017
WORK IN PROGRESS	NEW	NEW
<b>Roads, Storm Drainage and Watercourse</b>		
Corporate Fleet Inventory and Maintenance		
Capital Construction Contracts		
	Street Lighting Services Agreement	
		Traffic Management System
<b>Regulatory Services</b>		
	Parking Enforcement Administrative Penalty System	
		Mobile Licensing Administrative Penalty System
		Business Licensing Administrative Penalty System
<b>Mississauga Transit</b>		
		Transit Maintenance
		Prestocard
<b>Arts &amp; Culture</b>		
Meadowvale Theatre		
<b>Fire &amp; Emergency Services</b>		
		Supply Contracts for Fleet and Building Maintenance
		Fleet Acquisition
<b>Parks &amp; Forestry</b>		
Capital Contracts		
		Current Contracts
<b>Recreation</b>		
SportZone - Business Operation		
	Food & Beverage/Banquet	
	Hershey Centre Management Agreement	
		CLASS - Facilities Rental
		CLASS - Registration and Membership



2016 – 2017  
INTERNAL AUDIT WORK PLAN  
Audits by Service Area by Year

2016		2017
WORK IN PROGRESS	NEW	NEW
<b>Business Services</b>		
Investment	Investment	Investment
		Payroll - Temporary Employees
		Single/ Sole Sourced Acquisitions
<b>Legislative Services</b>		
	POA - Revenue and Cash Handling	
<b>Information Technology</b>		
IT Security		
	Bring Your Own Device	
<b>Facilities &amp; Property Management</b>		
	Capital Maintenance Contracts	
		Capital Project Contracts
		Corporate Securities Incident Reporting
<b>Strategy Policy</b>		
	Claims Administration System	
<b>Land Development</b>		
		e-Plan
<b>Total</b>		
7	9	16

Notes:

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