
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
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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

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

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 1st to December 31st, 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,

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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



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.

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.

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

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Originators files: File names



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
Roads, Storm Drainage and Watercourse		
Corporate Fleet Inventory and Maintenance		
Capital Construction Contracts		
	Street Lighting Services Agreement	
		Traffic Management System
Regulatory Services		
	Parking Enforcement Administrative Penalty System	
		Mobile Licensing Administrative Penalty System
		Business Licensing Administrative Penalty System
Mississauga Transit		
		Transit Maintenance
		Prestocard
Arts & Culture		
Meadowvale Theatre		
Fire & Emergency Services		
		Supply Contracts for Fleet and Building Maintenance
		Fleet Acquisition
Parks & Forestry		
Capital Contracts		
		Current Contracts
Recreation		
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
Business Services		
Investment	Investment	Investment
		Payroll - Temporary Employees
		Single/ Sole Sourced Acquisitions
Legislative Services		
	POA - Revenue and Cash Handling	
Information Technology		
IT Security		
	Bring Your Own Device	
Facilities & Property Management		
	Capital Maintenance Contracts	
		Capital Project Contracts
		Corporate Securities Incident Reporting
Strategy Policy		
	Claims Administration System	
Land Development		
		e-Plan
Total		
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.