

## **Audit Committee**

### **Date**

May 9, 2016

### **Time**

9:00 a.m.

### **Location**

Council Chamber, 2<sup>nd</sup> Floor, Civic Centre, 300 City Centre Drive, Mississauga, ON L5B3C1

### **Members Present**

Mayor Bonnie Crombie	(arrived at 9:22 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 of Corporate Services and Chief Financial Officer  
Geoff Wright, Acting Commissioner of Transportation and Works  
Jeff Jackson, Director of Finance and Treasurer  
Mark Beauparlant, Manager of Corporate Financial Services  
Sally Eng, Director, Internal Audit  
Kevin Travers, Partner, KPMG, External Auditor  
Carmela Radice, Legislative Coordinator, Office of the City Clerk

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

1. **CALL TO ORDER** – 9:02 a.m.

2. **APPROVAL OF AGENDA**

That the agenda be approved as presented.

Motion: Moved by: (K. Ras)

3. **DECLARATION OF CONFLICT OF INTEREST**

4. **MINUTES OF PREVIOUS MEETING**

4.1. That the Audit Committee minutes of March 7, 2016 be approved as presented.

Approved (J. Tovey)

5. **DEPUTATIONS** - Nil

6. **MATTERS TO BE CONSIDERED**

6.1. Report dated March 26, 2016 from the Director of Internal Audit re: **Final Audit Reports: 1. Community Services Department, Parks & Forestry Division - Urban Forestry Capital Contracts Audit, and 2. Transportation & Works Department, Works Operations and Maintenance Division - Corporate Fleet Audit.**

Sally Eng, Director of Internal Audit spoke about Willa Elliot's retirement and welcomed Karen Hobbs as the new Administrative Coordinator.

Tara Zammit, Audit Associate provided a summary of the Community Services Department, Parks & Forestry Division - Urban Forestry Capital Contracts Audit. She indicated that this audit resulted in nineteen recommendations; ten recommendations deal with issues of compliance with and clarification of corporate requirements; five recommendations deal with safeguarding of assets and information; four are related to operational control and financial reporting. Management agreed with all of the recommendations of which eight have been completed or are ongoing; four will be done by April 30, 2016; five will be completed by June 30, 2016; and one will be done by December 31, 2016 and the remaining recommendation which relates to the development procedure manual is expected to be completed by March 31, 2017. Members of the Committee inquired about the Workplace Safety Insurance Board (WSIB) insurance coverage, the length of time between audits and procurement process. Ms. Zammit indicated that the guideline for Insurance Coverage and WSIB requirements is a good tool to assist in the determination of insurance requirements and

recommended that that the guideline be extended to include high value acquisitions (HVA) purchases and be reviewed by risk management staff due to their expertise. Ms. Eng indicated that audits are ranked on a low, medium and high risk and this audit was not considered a high risk. Janice Baker, City Manager and Chief Administrative Officer indicated that material management staff look at the procurement process and conduct training on any changes with staff.

Mayor arrived at 9:22 a.m.

Thomas Kelly, Senior Internal Auditor provided a summary of the Transportation & Works Department, Works Operations and Maintenance Division - Corporate Fleet Audit. He further indicated that this audit resulted in twenty-seven recommendations; nine of the recommendations deal with enhancing operational control and financial reporting; eight recommendations address concerns with compliance and clarification of corporate requirements; seven recommendations deal with safeguarding of assets and information and three recommendations aim to improve efficiency/effectiveness. Management agreed to with all of the recommendations two of which have been implemented and twenty-four will be done by December 2016 and the remaining recommendation with respect to performing a cost benefit analysis to determine the most appropriate means of acquiring vehicles and equipment is expected to be completed by March 2017. Members of the Committee inquired about the longevity of the fleets, fuel process for city vehicles and purchase of fleet equipment. Geoff Wright, Acting Commissioner of Transportation and Works indicated that staff forecast on replacement vehicles to be around 10 years and the department looks after every vehicle in the City except for the fire department vehicles. Philip Wood, Acting Fleet Manager indicated that the City does auction or trade-ins on vehicles which is part of a tender process. Janice Baker, City Manager and Chief Administrative Officer indicated that the City does not always replace at 10 years it depends on the vehicle and equipment. She further indicated that the City uses both auction and trade-ins to ensure the City received the best value for the vehicles and equipment. Mr. Kelly indicated that the WinFuel System calculates the cost of fuel for each vehicle and equipment which are uploaded into the FASTER system and then to SAP where the department is charged for their fuel consumption. He further indicated that if fire trucks are close to a yard they will fuel up there or they will fuel up at a location closer to the fire house.

Recommendation

That the report dated April 26, 2016 from the Director of Internal Audit with respect to final audit reports: 1. Community Services Department, Parks & Forestry Division – Urban Forestry Capital Contracts Audit, and 2. Transportation & Works Department, Works Operations and Maintenance Division – Corporate Fleet Audit, be received for information.

Received (M. Mahoney)

- 6.2. Report dated April 26, 2016 from the City Manager and Chief Administrative Officer re: **Status of Outstanding Audit Recommendations as of March 31, 2016.**

There was no discussion.

Recommendation

That the report dated April 26, 2016 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of March 31, 2016, be received for information.

Received (Mayor Crombie)

- 6.3. Report dated April 18, 2016 from the Commissioner of Corporate Services and Chief Financial Officer re: **2015 External Audit Findings Report.**

Kevin Travers, Partner, KPMG, External Auditor provided a summary of the 2015 External Audit Findings Report and indicated that the City has applied the new standard for contaminated sites. Members of the Committee inquired about any areas in which the City should be concerned about and the three contaminated sites. Mr. Travers indicated that the end of the year audit would show any concerns and this report did not show any concerns. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer indicated that staff did not find any concerns. Jeff Jackson, Director of Finance and Treasurer indicated that linking each department's asset management system is something that needs to be looking into. Mr. Travers indicated that the contaminated sites that were looked at were non-active sites. Mr. Kent indicated that one of the sites was given to Habitat for Humanity the other sites are non-active sites. Janice Baker, City Manager and Chief Administrative Officer advised that the report only dealt with non-active sites and that staff can prepare a report for Council with the work that has already been done on the sites. Councillors Tovey and Ras directed staff to bring a report back to Council regarding contaminated sites and the financial risk to the City.

Recommendation

That the 2015 External Audit Findings Report dated April 18, 2016 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG for the fiscal year 2015 for the City of Mississauga (City), be received for information.

Received (K. Ras)

- 6.4. Report dated April 18, 2016 from the Commissioner of Corporate Services and Chief Financial Officer re: **2015 Audited Financial Statements**.

Gary Kent, Commissioner of Corporate Services and Chief Financial Officer provided a summary of the 2015 Audited Financial Statements and indicated that the City has applied the new standard for contaminated sites.

Recommendation

That the 2015 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.

Received (Mayor Crombie)

7. **INQUIRIES** - Nil
8. **CLOSED SESSION** - Nil
9. **ADJOURNMENT** - 10:03 a.m.(J. Tovey)