
Audit Committee

Date

2016/09/19

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 May 9, 2016

5. **DEPUTATIONS** - Nil

6. **PUBLIC QUESTION PERIOD - 15 MINUTE LIMIT**

Audit Committee may grant permission to a person who is present at Audit Committee and wishes to ask a question to the Committee on a matter on the Agenda. Persons addressing Audit Committee will ask their question: the time limit per person is a maximum of 5 minutes, as public question period time limit is 15 minutes.

7. **MATTERS TO BE CONSIDERED**

7.1. Report dated September 1, 2016, from the Director of Internal Audit re: **2016 Internal Audit Work Plan Status Report.**

Recommendation

1. That the report dated September 1, 2016, from the Director, Internal Audit, with respect to the status of the 2016 Internal Audit Work Plan be received for information.
2. That the Bring Your Own Device (BYOD) Audit originally planned for 2016 be postponed to 2017.

Recommend Receipt

- 7.2. Report dated September 12, 2016, from the Director of Internal Audit re: **Final Audit Reports: 1. Corporate Services Department, Legislative Services Division, Provincial Court Administration - Provincial Offences Act (POA) Revenue and Cash Handling Audit; 2. Community Services Department, Recreation Division - Mississauga Spectator Arena Complex Management Agreement Audit.**

Recommendation

That the report dated September 12, 2016 from the Director of Internal Audit with respect to final audit reports:

1. Corporate Services Department, Legislative Services Division, Provincial Court Administration - Provincial Offences Act (POA) Revenue and Cash Handling Audit, and,
2. Community Services Department, Recreation Division - Mississauga Spectator Arena Complex Management Agreement Audit, be received for information.

Recommend Receipt

8. **ENQUIRIES**
9. **CLOSED SESSION** - Nil
10. **ADJOURNMENT**

City of Mississauga Minutes



Audit Committee

Date

May 9, 2016

Time

9:00 a.m.

Location

Council Chamber, 2nd 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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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** - Nil6. **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 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)

City of Mississauga
Corporate Report



Date: 2016/09/01

To: Chair and Members of Audit Committee

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

Originator's files:

Meeting date:
 2016/09/19

Subject

2016 Internal Audit Work Plan Status Report

Recommendation

1. That the report dated September 1, 2016 from the Director, Internal Audit, with respect to the status of the 2016 Internal Audit Work Plan be received for information.
2. That the Bring Your Own Device (BYOD) Audit originally planned for 2016 be postponed to 2017.

Report Highlights

- A number of projects on the approved 2016 Internal Audit Work Plan have been completed and several are well underway. The remaining projects will commence in the Fall as planned with the exception of the Bring Your Own Device (BYOD) Audit. Early this year, significant Internal Audit resources were reallocated to accommodate a priority request from Senior Management. As a result, two audits that were in progress at the time were put on hold and timing for some of the remaining projects on the work plan was reconsidered. It is proposed that the BYOD Audit be postponed to 2017, partly because of the resource issue but also to allow staff more time to ensure the recently implemented AirWatch Mobile Device System is operating as intended.
- To date, 28% of available audit staff time was spent on special assignments and consulting services, including special requests from management such as the one noted above and ongoing involvement in the review and investigation of complaints received through the Whistleblower Program where appropriate. In comparison, 15% of available audit staff time was spent on similar assignments for the year 2015.
- 4% of the available audit staff time was spent on training and professional development for staff so far in an effort to maintain an audit team with versatile skills and to network with auditors and staff from other municipalities.

Background

The Internal Audit Charter (By-law 0065-2013) charges the Director, Internal Audit with the responsibility to develop and submit an annual audit work plan to the Audit Committee for review and approval and to provide periodic updates to the Committee on the status of the work plan.

The 2016 to 2017 Internal Audit Work Plan was approved by the Audit Committee on March 7, 2016. This report provides the status of the audits noted for 2016 and lists the special assignments, consultative projects and other initiatives which Internal Audit has undertaken during the period of January 1 to August 31, 2016.

Comments

The 2016 Internal Audit Work Plan is being executed as anticipated with one exception. Appendix 1 to this report details the status of each project as of August 31, 2016.

Assurance Projects (Audits)

Of the 16 audits approved by the Audit Committee on March 7, 2016 and listed on Appendix 1,

- Seven (7) have been completed.
- Field work for three (3) audits, i.e. Meadowvale Theatre; Administrative Penalty System; and IT Security are well underway; and current testing for the 2016 Investment Audit is being done. The Administrative Penalty System Audit was originally intended to focus on Parking Enforcement. During the planning phase of the audit, it was decided that it would be more efficient to include APS for Mobile Licensing and Animal Services in the current review as well. These two audits were originally planned for 2017.
- Planning for the F&PM Capital Maintenance Contracts Audit is in progress.
- Three (3) audits are expected to commence in the Fall, i.e. Street Lighting Services Agreement; Food & Beverage/Banquet; and Claims Administration System.
- Commencement of the Bring Your Own Device (BYOD) Audit is recommended for postponement to 2017.

Due to a request from Senior Management to conduct a special assignment at the beginning of the year, priorities and timing of the audits that were originally planned for 2016 were revisited and two audits that were in progress at the time were put on hold. Given the amount of time that was spent on the special assignment as well as ongoing involvement in the review and investigation of complaints received through the Whistleblower Program, it is unlikely that the BYOD Audit could be started before the end of the year. Furthermore, the AirWatch Mobile Device System which will be the focus of the BYOD Audit was implemented in mid-2016. Time is required for staff to ensure that the System is operating as intended and that sufficient data is accumulated for effective analyses and review.

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Originators files:

Consultative Services and Special Assignments

As of August 31, 2016, 28% of available audit staff time was spent on special assignments, including special requests from management, ongoing involvement in reviewing complaints received through the Whistleblower Program and conducting investigation as required, as well as other consultative services. In comparison, 15% of available audit staff time was spent on similar assignments in 2015. Majority of the increase was attributed to the time spent in conducting the assignment requested by Senior Management as mentioned above, as well as the increasing number of Whistleblower complaints received.

An audit on the Driver Certification Program conducted by Mississauga Transit was also completed as required by the Ministry of Transportation. Other consultative services include time spent on assisting staff in the implementation of audit recommendations; commenting on new or amended Corporate policies and procedures, and business processes; as well as relaying to staff any discussion papers, publications, professional standards or industry best practices that are relevant in addressing existing and emerging issues or risks which may affect the City, especially in the area of information technology.

Continuous Improvement and Staff Development

In an effort to maintain an audit team with versatile skills to provide value to the City, staff have been provided opportunities where appropriate to attend courses, seminars and webinars to further enhance their knowledge and skills related to internal auditing, technology and general management principles. As of August 31, 2016, approximately 4% of staff time was spent on training and professional development.

With the help of the Lean Office in Corporate Performance and Innovation, Internal Audit will be commencing a Lean Review in the Fall to further enhance the efficiency of the audit process. Scope of the review is currently being finalized.

Financial Impact

None.

Conclusion

Status of the 2016 projects included in the Internal Audit Work Plan is summarized in Appendix 1 to this report. The Work Plan is being executed as anticipated. The BYOD project that was originally planned for 2016 is recommended for postponement due to changes in priority and resource constraints to accommodate a special request from Senior Management early in the year.

Originators files:

Consulting services are provided on an ongoing basis to enhance controls and mitigate risks and to improve City's operations. A number of activities are also conducted as part of the initiative to continuously foster collaboration with City staff and counterparts in other municipalities, as well as to maintain an audit team with versatile skills. In the spirit of continuous improvement, Internal Audit will be initiating a LEAN review of the audit process in the Fall.

Attachments

Appendix 1: 2016 Internal Audit Work Plan Status Report as of August 31, 2016



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

Prepared by: Sally P. Eng, Director, Internal Audit

**2016 Internal Audit Work Plan Status Report
As of August 31, 2016**

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A. AUDITS

Service Area	Audit	Status	Comments
Roads, Storm Drainage and Watercourses	Capital Construction Contracts	Completed	Report was presented at the March Audit Committee meeting.
	Corporate Fleet	Completed	Report was presented at the May Audit Committee meeting.
	Street Lighting Services Agreement	To commence	This audit is expected to commence in the Fall.
Regulatory Services	Administrative Penalty System	In progress	This audit covers the Administrative Penalty Systems for Parking Enforcement, Mobile Licensing and Animal Services.
Arts & Culture	Meadowvale Theatre	In progress	
Parks & Forestry	Forestry Capital Contracts	Completed	Report was presented at the May Audit Committee meeting.
Recreation	SportZone – Business Operation	Completed	Report was presented at the March Audit Committee meeting.
	Mississauga Spectator Arena Complex Management Agreement	Completed	Report will be presented at the September Audit Committee meeting.
	Food & Beverage/Banquet	To commence	This audit is expected to commence in late Fall.
Business Services	Investment	Completed	Report was presented at the March Audit Committee Meeting for the 2015 audit. 2016 audit testing is currently underway. Report on the 2016 Investment Audit will be presented at the March 2017 Audit Committee meeting.

2016 Internal Audit Work Plan Status Report As of August 31, 2016

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Service Area	Audit	Status	Comments
Legislative Services	POA – Revenue and Cash Handling	Completed	Report will be presented at September Audit Committee meeting.
Information Technology	IT Security	In progress	
	Bring Your Own Device	Postponed	It is recommended that this audit be postponed because of the constraints on Internal Audit resources as a result of the special assignments. In addition, postponement of the audit will provide more data on the operation of the AirWatch Mobile Device System which was implemented in mid-2016.
Facilities and Property Management	Capital Maintenance Contracts	Planning	Planning for this audit is currently underway.
Strategic Policy	Claims Administration System	To commence	This audit is expected to commence in late Fall.

B. OTHER PROJECTS

PROJECT	STATUS	COMMENTS
Special Assignment – Transportation & Works	Completed	Internal Audit was requested by Management to conduct a special assignment in Transportation and Works. The assignment has been completed but ongoing support is provided to assist Management in taking corrective actions.
Driver Certification Program Audit	Completed	This was an audit required by the Ministry of Transportation relating to the Driver Certification Program conducted by Mississauga Transit.
Audit Recommendations Follow Up	Completed for May	Follow up of outstanding audit recommendations is done twice a year to ensure that audit recommendations have been implemented and/or the issues identified in the previous audits have been resolved. The first follow up was completed and presented at the May Audit Committee

**2016 Internal Audit Work Plan Status Report
As of August 31, 2016**

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PROJECT	STATUS	COMMENTS
	In Progress for November	meeting. Results of the second follow up will be presented at the November Audit Committee meeting.
Automation of Revenue Management and Bank Reconciliation processes	Ongoing	Internal Audit was requested to participate in a project for the automation of bank reconciliation and the replacement of the Accounts Receivable Collection system.
Whistleblower Program	Ongoing	Internal Audit has ongoing involvement in the review of complaints received and investigation where appropriate.
Ongoing consultation as requested by Management.	Ongoing	<p>These are consulting services aimed at providing management with proactive advice to enhance controls and mitigate risks and to improve City operations. Some of the requests completed to date or in progress include:</p> <ul style="list-style-type: none">• Replacement of CLASS system• Records Information Management• New and amended City By-law and Corporate Policies and Procedures including Purchasing By-law; Pcard Policy; Business Expense Policies• Changes to or new business processes
Professional Development	Ongoing	<p>Professional development opportunities are provided to Audit Staff through seminars, workshops, webinars and materials acquired for the Internal Audit Library.</p> <p>Internal Audit staff had attended the Fraud Conference (ACFE); courses offered by the Project Management Support Office, Crystal training; etc. Audit staff had also participated in a one day workshop of the Municipal Internal Auditors' Association (MIAA) in Spring and will be attending the Association's Fall Workshop to network with internal auditors from various municipalities.</p>

City of Mississauga

Corporate Report



Date: 2016/09/12

To: Chair and Members of Audit Committee

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

Originator's files:

Meeting date:
2016/09/19

Subject

Final Audit Reports:

1. **Corporate Services Department, Legislative Services Division, Provincial Court Administration - Provincial Offences Act (POA) Revenue and Cash Handling Audit**
2. **Community Services Department, Recreation Division - Mississauga Spectator Arena Complex Management Agreement Audit**

Recommendation

That the report dated September 12, 2016 from the Director of Internal Audit with respect to final audit reports:

1. Corporate Services Department, Legislative Services Division, Provincial Court Administration – Provincial Offences Act (POA) Revenue and Cash Handling Audit, and,
2. Community Services Department, Recreation Division – Mississauga Spectator Arena Complex Management Agreement 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 which are hereby submitted to the Audit Committee for consideration:

1. Corporate Services Department, Legislative Services Division, Provincial Court Administration – Provincial Offences Act (POA) Revenue and Cash Handling Audit; and,

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Originators files:

2. Community Services Department, Recreation Division – Mississauga Spectator Arena Complex Management Agreement Audit.

Financial Impact

Not applicable.

Conclusion

The Corporate Services Department, Legislative Services Division, Provincial Court Administration – Provincial Offences Act (POA) Revenue and Cash Handling Audit, and Community Services Department, Recreation Division – Mississauga Spectator Arena Complex Management Agreement Audit are now complete and are submitted for consideration by the Audit Committee.

Attachments

Appendix 1: Corporate Services Department, Legislative Services Division, Provincial Court Administration - Provincial Offences Act (POA) Revenue and Cash Handling Audit

Appendix 2: Community Services Department, Recreation Division - Mississauga Spectator Arena Complex Management Agreement Audit



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

Prepared by: Karen Hobbs, Administrative Coordinator