
Audit Committee

Date

2017/03/06

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
Councillor Matt Mahoney	Ward 8

Contact

Angie Melo, Legislative Coordinator, Legislative Services
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Find it Online

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

I. **CALL TO ORDER**

2. **APPROVAL OF AGENDA**

3. **DECLARATION OF CONFLICT OF INTEREST**

4. **MINUTES OF PREVIOUS MEETING**

4.1. November 14, 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 February 16, 2017 from the Commissioner of Community Services re:
Community Services Compliance Project.

Recommendation

That the Corporate Report dated, February 16, 2017 from the Commissioner of Community Services entitled "Community Services Compliance Project" be received for information.

7.2. Report dated February 17, 2017 from the Director of Internal Audit re:
Internal Audit Work Plan for 2017

Recommendation

That the report dated February 17, 2017 from the Director of Internal Audit, with respect to the Internal Audit Work Plan for 2017 be approved.

- 7.3. Report dated February 24, 2017 from the Director of Internal Audit re.:
Final Audit Report

Recommendation

That the report dated February 24, 2017 from the Director of Internal Audit with respect to final audit report:

1. Corporate Services Department, Facilities and Property Management Division – Capital Maintenance Contracts Audit

be received for information.

8. **MOTIONS**

- 8.1. To close to the public a portion of the Audit Committee meeting to be held on March 6, 2017 to deal with various matters. (See Item 10)

9. **ENQUIRIES**

10. **CLOSED SESSION**

Pursuant to Section 239 (2) of the *Municipal Act, 2001, as amended*:

- 10.1. Personal matters about an identifiable individual, including municipal or local board employees: **Meadowvale Theatre Audit Action Plan Update**

11. **ADJOURNMENT**

City of Mississauga

Minutes



Audit Committee

Date

November 14, 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 9:05 a.m.)
Councillor Jim Tovey	Ward 1
Councillor Karen Ras	Ward 2 (Chair)
Councillor Matt Mahoney	Ward 8

Members Absent

Councillor Ron Starr	Ward 6
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Staff Present

Janice Baker, City Manager and Chief Administrative Officer
Gary Kent, Commissioner of Corporate Services and Chief Financial Officer
Geoff Wright, 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

Find it Online

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1. **CALL TO ORDER** – 9:03 a.m.2. **APPROVAL OF AGENDA**

That the agenda be approved as presented.

Motion: Moved by: (M. Mahoney)

3. **DECLARATION OF CONFLICT OF INTEREST** - Nil4. **MINUTES OF PREVIOUS MEETING**

4.1. That the Audit Committee minutes of September 19, 2016 be approved as presented.

Approved (J. Tovey)

5. **DEPUTATIONS**

Mayor Crombie arrived at 9:05 a.m.

5.1. **2016 External Audit Planning Report**

Kevin Travers, Partner KPMG provided an overview of the 2016 External Audit Planning Report spoke to fraud risks, monitoring the results of Enersource, non-significant components, caption and consolidation, materiality and timeline and audit cycle.

Mayor Crombie inquired about the process of the audit for Enersource related to the merger. Mr. Travers indicated that the audit process would not change with the merger.

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

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7. **MATTERS TO BE CONSIDERED**

- 7.1. Report dated October 14, 2016, from the Commissioner of Corporate Services and Chief Financial Officer re: **2016 External Audit Planning Report.**

Recommendation

AC-0009-2016

That the report dated October 14, 2016, from the Commissioner of Corporate Services and Chief Financial Officer with respect to the 2016 Audit Planning Report (Appendix 1), be received for information.

Received (M. Mahoney)

- 7.2. Report dated November 7, 2016, from the Director of Internal Audit re:
1. Transportation and Works Department, Enforcement Division - Administrative Penalty System Audit and 2. Community Services Department, Culture Division - Meadowvale Theatre Audit.

Recommendation

AC-0010-2016

That the report dated November 7, 2016, from the Director of Internal Audit with respect to final audit reports 1. Transportation and Works Department, Enforcement Division - Administrative Penalty System Audit and 2. Community Services Department, Culture Division - Meadowvale Theatre Audit, be received for information.

Received (Mayor Crombie)

Tara Zammit, Internal Auditor provided a summary of the Transportation and Works Department, Enforcement Division – Administrative Penalty System Audit. She further indicated that the audit resulted in 17 recommendations; 10 recommendations deal with issues on Compliance with and Clarification of Corporate Requirements; three deal with safeguarding of assets and information, two are for efficiency and effectiveness and two are related to Operational Control and Financial Reporting and all recommendations are expected to be completed on or before June, 2017. Members of the Committee inquired about the collection of default penalties process before the audit, discrepancies in the charges from the security companies and collection of default penalties. Geoff Wright, Commissioner of Transportation and Works indicated that staff will be enhancing communication with the security companies. Daryl Bell, Manager of Mobile Licensing spoke about the process of collecting default penalties and indicated that staff will be working on developing a more inclusive process for collecting default penalties.

Barbara Webster, Senior Internal Auditor provided a summary of the Community Services Department, Culture Division - Meadowvale Theatre Audit. She further indicated that the audit resulted in 53 recommendations; 18 of the recommendations address issues identified relating to Operational Controls and Financial Reporting, 17 related to Compliance with Corporate Policies and Procedures, 14 on Safeguarding of Assets and Information and 4 for Efficiency and Effectiveness. Eight have been implemented effective immediately, 12 are expected to be completed before the end of the year, 13 by the middle of 2017 and the remaining five which involve the review of fees and charges and finalization of procedures will require more time and are expected to be done before the end of 2017. Members of the Committee inquired about the 53 recommendations, when the City last audited Meadowvale Theatre and requested a report be brought back once the changes are implemented. Sally Eng, Director of Internal Audit indicated that the Meadowvale Theatre has been on the schedule however, other audits became urgent. Paul Mitcham, Commissioner of Community Services indicated that staff agrees to all the recommendations and a reorganization is taking place in the Culture Division. Janice Baker, City Manager and CAO indicated that Meadowvale Theatre is a community theatre and suggested that staff provide a closed session report for a future audit committee meeting.

- 7.3. Report dated November 3, 2016, from the City Manager and Chief Administrative Officer re: **Status of Outstanding Audit Recommendations as of September 30, 2016.**

Recommendation

AC-0011-2016

That the report dated November 3, 2016, from the City Manager and Chief Administrative Officer regarding the status of outstanding audit recommendations as of September 30, 2016, be received for information.

Received (J. Tovey)

Janice Baker, City Manager and Chief Administrative Officer provided a summary of the outstanding audit recommendations as of September 30, 2016. Mayor Crombie inquired about an outstanding recommendation at Brae Ben Golf Course. Sally Eng, Director of Internal Audit indicated that all recommendations have been completed.

8. **ENQUIRIES** - Nil
9. **CLOSED SESSION** - Nil
10. **ADJOURNMENT** – 9:46 a.m. (M. Mahoney)

City of Mississauga Corporate Report



Date: 2017/02/16

To: Chair and Members of Audit Committee

From: Paul Mitcham, P. Eng, MBA, Commissioner of
Community Services

Originator's files:

Meeting date:
2017/03/06

Subject

Community Services Compliance Project

Recommendation

That the Corporate Report dated, February 16, 2017 from the Commissioner of Community Services entitled "Community Services Compliance Project" be received for information.

Background

The Community Services Department has worked with Internal Audit in recent years to implement internal controls, particularly in cash handling practices, inventory and asset management. This work has been in response to previous audits as well as proactive efforts to ensure compliance based on changing legislation, standards and new policies. The Department has assigned staff resources to support compliance and self-auditing. However, given the size and scope of the operations of the Department and its six divisions, a larger effort is required in order to ensure compliance is established and ongoing in all areas, and being reviewed regularly by management. To this end, Community Services has launched a department-wide Compliance Project. The purpose of the project is to develop and implement a management and reporting system that ensures consistent application and compliance to each Division's standard operating procedures, with monitoring and reporting out, to achieve the goal of creating greater accountability and governance across the Department.

Comments

The Compliance Project launched in January 2017 and is being led by the Recreation Division, where significant work in this area is already underway or has been completed. The main focus areas include but are not limited to: financial controls, inventory controls and asset management, compliance to agreements, contracts and insurance, purchasing, access and security of personal information, technology, and risk management.

The key objectives of the Compliance Project are outlined below.

- Identify high priority risk areas that require ongoing monitoring and reporting.

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- Build and champion a culture that is focused on accountability by ensuring employees understand their roles and responsibilities as it relates to good governance, risk management, financial controls and operations.
- Establish/update standard operating procedures to comply with Corporate Policies, legislation and by-laws.
- Develop a robust automated review and reporting system that ensures management is monitoring and being held accountable.
- Develop employee training/onboarding program.
- Create a centralized Standard Operating Procedure (SOP) repository for Community Services.

All divisions (Fire, Environment, Parks and Forestry, Culture, Library and Recreation) in Community Services will participate in the effort. Task teams from each Division have been established to review standard operating procedures, identify potential gaps and address areas of concern. The project steering committee consists of the six divisional Directors and the Commissioner of Community Services.

The critical outputs for the project are:

- A reporting system that demonstrates risk areas are being reviewed and audited by the staff most responsible on a regular basis;
- Documented standard operating procedures for all relevant areas; and
- A robust training program to educate and transfer knowledge across each Division.

It is anticipated that this project will be complete by June of 2018.

Financial Impact

There is no financial Impact.

Conclusion

Establishing a robust management and reporting system that demonstrates ongoing compliance to Departmental standard operating procedures, corporate policies, city by-laws and provincial legislation is a key priority for Community Services and will ensure greater accountability and knowledge at all levels throughout the Department.



Paul Mitcham, P. Eng, MBA, Commissioner of Community Services

Prepared by: Jason Klomp, Manager, Client Services

City of Mississauga

Corporate Report



Date: 2017/02/17

To: Chair and Members of Audit Committee

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

Originator's files:

Meeting date:
2017/03/06

Subject

Internal Audit Work Plan for 2017

Recommendation

That the report dated February 17, 2017 from the Director of Internal Audit, with respect to the Internal Audit Work Plan for 2017 be approved.

Report Highlights

- The 2015 – 2017 Work Plan for Internal Audit was approved by the Audit Committee on March 9, 2015. The Work Plan was updated in 2016 to reflect changes to resources in Internal Audit and increase in requests for consulting services and special assignments. The revised Work Plan for 2016 and 2017 was approved by the Audit Committee on March 7, 2016.
- During 2016, a priority request from senior management resulted in further adjustment to the Work Plan. At the end of 2016, five (5) audits were in various stages of completion and were carried over to 2017. Commencement of two (2) audits was delayed.
- Amendments to the original list of 2017 audits are being proposed to reflect further changes in priorities, risk profiles and resources.

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

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Originators files:

Committee on March 9, 2015. This Work Plan was updated in 2016 and was approved by the Audit Committee on March 7, 2016.

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

Comments

1. Status of the 2016 Work Plan

Due to a number of special assignments in 2016, priorities and timing of the 16 projects that were approved by the Audit Committee for 2016 were revisited and revised. Nine (9) of the projects were completed during the year; the Street Lighting Audit which was originally scheduled to start at the end of 2016 was postponed to 2017 and replaced by the Fire Fleet and Building Maintenance Audit. By the end of 2016, five (5) audits were in various stages of progression; and commencement of the remaining (2) audits (i.e. BYOD and Claims Administration) were delayed.

2. 2017 Work Plan

(a) Audits (Assurance Projects)

Appendix 1 shows the revised list of audits proposed for 2017 by the City's Service Areas and by Department.

The 2017 Work Plan is built on the remaining projects listed in the 2016 to 2017 Work Plan and adjusted to show changing needs and priorities as a result of updated information, changes in risk profile and further discussion with senior management. Timing of some of the projects that were originally on the 2016 to 2017 Work Plan (including Presto, Traffic Management, BYOD, Security Incident Reporting) was deferred pending progress in the development of the system or business operation. The revised Work Plan also takes into consideration the impact on Internal Audit resources as a result of the impending retirement of the Director of Internal Audit.

Corporate Risk Assessments are done every three (3) years where Management is requested to assess the risks that are inherent in their normal course of conducting business. Results of the Assessment are used to develop a multi-year work plan for Internal Audit. A Corporate Risk Assessment is scheduled for 2017. Any projects from the 2016 to 2017 Work Plan that have been deferred will be reconsidered for the 2018 - 2020 Work Plan after completion of the Assessment.

(b) Consultation, Special Assignments and Other Activities

 Originators files:

The percentage of Audit staff time spent on consultative services rose dramatically in 2016 to 25%, compared to 15% for 2015. While 2016 had been an exceptional year, the number of requests for assistance from management has been steadily increasing. Internal Audit is currently involved in an advisory capacity in a number of Corporate projects including Electronic Records Management; Revenue Management and Bank Automation; Accounts Receivable Collection; 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 City By-laws, Corporate policies and procedures, and business processes.

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, continuous improvement initiatives (such as implementation of Lean project for audit process) and networking with counterparts from other municipalities.

Furthermore, in compliance with the Standards for the Professional Practice of Internal Auditing as established by the Institute of Internal Auditors (IIA), Internal Audit will be conducting an External Quality Assurance Review in 2017. The IIA Standard requires the chief audit executive to “develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.” This program involves “periodic internal and external quality assessments” and “ongoing monitoring of the performance of the internal audit activity” to help the auditing activities add value and improve the City’s operations. Ongoing monitoring is the focus of Internal Audit as part of our continuous improvement initiatives. A full self-assessment review is also completed every five (5) years to determine the level of compliance with the IIA Standards, Code of Ethics and the City’s Internal Audit Charter (By-law 0065-2013). A qualified, independent reviewer from outside the City is engaged to validate the results of the self-assessment.

(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. Status of the Work Plan will be presented to the Audit Committee at the September Committee meeting.

Financial Impact

None.

Conclusion

The 2017 Work Plan has been updated to show projects that are carried over from 2016 and new projects that are proposed for 2017. Revisions to the 2016-2017 Work Plan that was approved by the Audit Committee on March 7, 2016 are proposed to reflect changing needs, priorities and resource allocations.

While specific projects are listed for 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.

Attachments

Appendix 1: 2017 Internal Audit Workplan by Service Area and Department



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

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

2017 INTERNAL AUDIT WORK PLAN
Audits by Service Area and Department

WORK IN PROGRESS (Carry Over from 2016)	NEW	DEPARTMENT
Roads, Storm Drainage and Watercourse		
	Street Lighting Services Agreement	T & W
	Works Yards	T & W
Mississauga Transit		
	Transit Maintenance	T & W
Fire & Emergency Services		
Fleet and Building Maintenance		Community Services
Parks & Forestry		
	Current Contracts	Community Services
Recreation		
Food Services		Community Services
	CLASS - Facilities Rental	Community Services
	CLASS - Registration and Membership	Community Services
Business Services		
Investment	Investment	Corporate Services
	Single/ Sole Sourced Acquisitions	Corporate Services
Information Technology		
IT Security		Corporate Services
Facilities & Property Management		
Capital Maintenance Contracts		Corporate Services
	Capital Project Contracts	Corporate Services
Total		
5	9	

Notes:

1. This work plan is prepared based on the resources that are currently available to the Internal Audit Division, after taking into consideration the impending retirement of the Director of Internal Audit. 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.

City of Mississauga

Corporate Report



Date: 2017/02/24

To: Chair and Members of Audit Committee

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

Originator's files:

Meeting date:
2017/03/06

Subject

Final Audit Report:

1. **Corporate Services Department, Facilities and Property Management Division – Capital Maintenance Contracts Audit**

Recommendation

That the report dated February 24, 2017 from the Director of Internal Audit with respect to final audit report:

1. Corporate Services Department, Facilities and Property Management Division – Capital Maintenance Contracts 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 the following audit:

1. Corporate Services Department, Facilities and Property Management Division – Capital Maintenance Contracts Audit.

The audit report is hereby submitted to the Audit Committee for consideration.

Financial Impact

Not applicable.

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Originators files:

Conclusion

The Corporate Services Department, Facilities and Property Management Division – Capital Maintenance Contracts Audit is now complete and is submitted for consideration by the Audit Committee.

Attachments

Appendix 1: Corporate Services Department, Facilities and Property Management Division – Capital Maintenance Contracts Audit



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

Prepared by: Karen Hobbs, Administrative Coordinator