

---

## Audit Committee

### Date

2017/09/18

### Time

9:00 AM

### Location

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

### 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

Sacha Smith, Legislative Coordinator  
905-615-3200 ext. 4516

[sacha.smith@mississauga.ca](mailto:sacha.smith@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 May 15, 2017
5. **DEPUTATIONS**
  - 5.1. Axel Breuer regarding the responses received to his questions at the May 15, 2017 Audit Committee meeting.
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. Letter dated July 21, 2017 in Response to Questions Circulated after Audit Committee in May 2017 by Mr. Axel Breuer.
  - 7.2. Letter dated August 17, 2017 in Response to Questions from Mr. Axel Breuer
  - 7.3. Report dated September 11, 2017 from the Director of Internal Audit re: Final Audit Reports: 1.Community Services Department, Recreation Division - CLASS Facility Rentals Audit; and 2. Transportation & Works Department, Works Operations and Maintenance Division - Works Operations Payroll Audit

**Recommendation**

That the report dated September 11, 2017 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Recreation Division - CLASS Facility Rentals Audit; and,
2. Transportation & Works Department, Works Operations and Maintenance Division - Works Operations Payroll Audit

be received for information.

**Recommend Receipt**

- 7.4. Report dated September 1, 2017 from the Director of Internal Audit re: 2017 Internal Audit Work Plan Status Report.

Recommendation

That the report dated September 1, 2017 from the Director, Internal Audit, with respect to the status of the 2017 Internal Audit Work Plan be received for information.

Recommend Receipt

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

# City of Mississauga Minutes



---

## Audit Committee

### Date

May 15, 2017

### Time

9:01 AM

### Location

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

### Members Present

Mayor Bonnie Crombie	(Arrived at 9:08 a.m., Departed 10:00am)
Councillor Karen Ras	Ward 2
Councillor Matt Mahoney	Ward 8
Councillor Ron Starr	Ward 6 (Chair)
Councillor Jim Tovey	Ward 1

### Members Absent

Nil

### Staff Present

Janice Baker, City Manager and Chief Administrative Officer  
Gary Kent, Commissioner, Corporate Services and Chief Financial Officer  
Jeff Jackson, Acting Director of Finance and Treasurer  
Mark Beauparlant, Manager of Corporate Financial Services  
Al Steinbach, Director, Internal Audit  
Kevin M. Travers, Partner, KPMG, External Auditor  
Sacha Smith, Legislative Coordinator, Office of the City Clerk  
Mary Ellen Bench, City Solicitor

### Find it Online

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

1. CALL TO ORDER – 9:01 AM2. APPROVAL OF AGENDA

Approved (Councillor Tovey)

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

## 4.1. That the Audit Committee Minutes of March 6, 2017 be approved as presented.

Al Steinbach, Director, Audit advised that on page 4 of the minutes in item 7.2 it was noted that a review takes place every 3 years and it should be corrected to 5 years in the minutes.

Amended/Approved (Councillor Mahoney)

5. DEPUTATIONS5.1. Gary Kent, Commissioner, Corporate Services & Chief Financial Officer to provide opening remarks regarding financial statements.

Mr. Kent provided introductory comments for the financial statements.

5.3. Item 7.1 Jeff Jackson, Director, Finance with respect to the 2016 Audited Financial Statements.

Mr. Jackson explained the differences between the annual financial statements versus the budget book. He further explained the City's financial assets, financial liabilities, non-financial assets, accumulated surplus, revenues, and expenses.

Kevin Travers, KPMG noted that the presentation outlines some of the more significant differences between how municipalities have traditionally budgeted as compared to the evolution of financial reporting in a local government setting. He noted that he expects there would be continued evolution in how municipalities present budgets and financial reporting.

Mayor Crombie arrived in the Council Chamber at 9:08am.

5.2. Item 7.1 Axel Breuer, Resident.

Mr. Breuer enquired about the budget, specifically regarding absenteeism reports, why is benchmarking not applied to compensation, ISO 14001 not included in the priority list for storm water, how was Mississauga rated on the 7 criteria for the Government Finance Officers Award (GFOA), Fire Services performance targets and performance audits.

Janice Baker, City Manager and CAO advised that Mayor Crombie was briefed and provided background regarding Mr. Breuer's concerns and how they have been addressed. Ms. Baker commented on the GFOA and noted that the City's budget is vetted against their criteria. In addition, the GFOA also critiques the City's budget and provides feedback for improvements. Every year adjustments and improvements are made to how the budget is presented, such as transparency, feedback and public engagement. Benchmarking is utilized against other municipalities to make improvements and to win the award the City must meet or exceed the standards in North America.

Mr. Breuer expressed concern that the City is not following best practices with the City's budget. He referred to questions for the standard of the budget and noted that he has concerns that the City is not setting targets and measuring against it. Mr. Breuer requested an independent review of the City's budget to ensure that the City is utilizing best practices.

Kevin Travers, External Auditor, KPMG spoke to best practices and noted that there are a very low number of municipalities that meet all of the best practices for financial reporting. He noted that he had conversations with the City with respect to best practices and they are mindful of them and are moving forward with some of his suggestions. Mr. Travers noted that the GFOA checklist has changed over the years and will continue to change. The City is not at all of the best practices yet, but based on conversations they do have an interest to continue in that direction.

Councillor Ras requested the latest copy of the GFOA report where it outlines the areas where the City can make improvements and circulate it to members of Council. In addition, a presentation to Budget Committee outlining the GFOA process would be helpful. Gary Kent, Commissioner, Corporate Services and Chief Financial Officer confirmed that staff would provide a copy of the GFOA report and a presentation to Budget Committee. Mr. Kent spoke to performance measures and quality control around the balance scorecards for departments. Mr. Breuer advised that he would forward his list of questions to Mr. Kent for staff to review.

Mayor Crombie expressed her appreciation for Mr. Breuer's input and noted that the City exceeds in many areas with respect to the budget and working to do better.

Councillor Mahoney suggested that staff and Mr. Travers review Mr. Breuer's questions and that staff respond and report back to Audit Committee.

**RECOMMENDATION**

AC-0006-2017

That staff and the External Auditor review the questions brought forward by Axel Breuer, resident to the May 15, 2017 Audit Committee meeting and report back.

<b>RECORDED VOTE</b>	<b>YES</b>	<b>NO</b>	<b>ABSENT</b>	<b>ABSTAIN</b>
Mayor B. Crombie	X			
Councillor J. Tovey	X			
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Approved (Councillor Mahoney) (5, 0, 0)

**RECOMMENDATION**

AC-0007-2017

That the following deputations regarding the 2016 Audited Financial Statements be received:

- a) Gary Kent, Commissioner, Corporate Services and Chief Financial Officer
- b) Jeff Jackson, Director, Finance and Treasurer
- c) Axel Breuer, resident

Received (Councillor Mahoney)

Mayor Crombie departed the meeting at 10:00am.

6. **PUBLIC QUESTION PERIOD** - 15 minute limit

Chris Mackie, MIRANET enquired about the difference between the financial statements and budget, the calculation of the 2016 amortization and unfunded liabilities. Mr. Kent and Mr. Jackson explained the difference in how the financial statements and budget are prepared. It was further noted that 2/3 of the liabilities are unfunded but there are other mechanisms to ensure that there is funding in place.

William Chudiak, resident expressed concern that there were no responses to the questions that Mr. Breuer had provided. Ms. Baker and Councillor Mahoney clarified that written correspondence was provided and Mr. Breuer was invited to come to Audit Committee to raise his concerns.

## 7. MATTERS CONSIDERED

### 7.1. Report dated April 18, 2017 from the Commissioner of Corporate Services and Chief Financial Officer re: 2016 Audited Financial Statements.

Members of Committee enquired about the City's investment strategy, development charges and the gas tax. Mr. Jackson explained that staff follow a guideline that is approved by Council and in line with the *Municipal Act*. He further noted that there is difficulty in predicting when the money would be spent and when the development projects would be completed. Mr. Kent explained that there isn't much flexibility with the dedicated reserve funds such as the gas tax.

#### RECOMMENDATION

AC-0008-2017

That the 2016 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 for information.

<b>RECORDED VOTE</b>	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor J. Tovey	X			
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Received (Councillor Ras) (4, 1-Absent, 0)

### 7.2. Revised Report dated April 18, 2017 from the Commissioner of Corporate Services and Chief Financial Officer re: 2016 External Audit Findings Report

#### RECOMMENDATION

AC-0009-2017

That the 2016 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 2016 for the City of Mississauga (City), be received for information.



RECORDED VOTE	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor J. Tovey	X			
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Received (Councillor Tovey) (4, 1-Absent, 0)

7.3. Report dated May 3, 2017 from the Director of Internal Audit re: Final Audit Reports: 1. Community Services Department, Fire and Emergency Services Division - Building and Fleet Maintenance Audit; and 2. Corporate Services Department, Finance Division Investments Section - 2016 Investment Audit.

Al Steinbach, Director, Internal Audit provided an overview of the Building and Fleet Maintenance audit. He highlighted that most of the recommendations revolve around the lack of standard operating procedures and opportunities for Mississauga Fire and Emergency Services (MFES) to recoup operating and maintenance expenses from their shared facilities with the Region of Peel. Overall, there are twelve (12) recommendations, of which seven (7) enhance Operational Control and Financial Reporting, three (3) address concerns with Compliance with and Clarification of Corporate Requirements, and two (2) with Safeguarding of Assets and Information. Management has agreed with all of the recommendations of which four (4) have been completed and the recommendation pertaining to shared facility chargebacks would be completed by May 30, 2017.

Councillors Ras and Starr enquired about future audits for MFES, retaining institutional knowledge after retirements and reaction to report by MFES staff. In response to questions, Mr. Steinbach advised that there would be a corporate risk assessment to identify high risk areas and it would determine the 3 year work plan that would be brought to Audit Committee for approval. Janice Baker, City Manager and CAO spoke to updating procedural manuals and succession planning to retain institutional knowledge. Tim Beckett, Fire Chief spoke to a culture shift and noted there is an action plan to address the recommendations. Mr. Steinbach clarified that the MFES recommendations are due to be completed by the end of the year and staff would do a follow up audit.

Mr. Steinbach spoke to the internal audit review of the 2016 investment audit and noted that there was compliance with the five (5) objectives. There are no comments or recommendations at this time.

**RECOMMENDATION**

AC-0010-2017

That the report dated May 3, 2017 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Fire and Emergency Services Division – Building and Fleet Maintenance Audit; and,
2. Corporate Services Department, Finance Division, Investments Section – 2016 Investment Audit, be received for information.

<b>RECORDED VOTE</b>	<b>YES</b>	<b>NO</b>	<b>ABSENT</b>	<b>ABSTAIN</b>
Mayor B. Crombie			X	
Councillor J. Tovey	X			
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Received (Councillor Mahoney) (4, 1-Absent, 0)

- 7.4. Report dated April 27, 2017 from the City Manager and Chief Administrative Officer re: Status of Outstanding Audit Recommendations as of March 31, 2017

**RECOMMENDATION**

AC-0011-2017

That the report dated April 27, 2017 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of March 31, 2017 be received for information

<b>RECORDED VOTE</b>	<b>YES</b>	<b>NO</b>	<b>ABSENT</b>	<b>ABSTAIN</b>
Mayor B. Crombie			X	
Councillor J. Tovey			X	
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Received (Councillor Ras) (3, 2-Absent, 0)

8. ENQUIRIES - Nil
9. CLOSED SESSION - Nil
10. ADJOURNMENT (Councillor Mahoney) - 10:47AM



July 21, 2017

**Attention:**

Mr. Axel Breuer

Email Address: a.g.breuer@gmail.com

**Re: Audit Committee Questions, May 2017**

Mr. Breuer,

Regarding your questions that you circulated after Audit Committee in May, 2017, I have coordinated a response and presented each question followed by the answer as noted below:

**Question 1** Madame Mayor: About 2 weeks ago I sent you fairly comprehensive documents pertaining to the quality of the Budget Process. Have they been circulated to Staff, the Audit Committee or to KPMG? If they were, may I receive their comments and conclusions?

**Answer** The Mayor discussed the material with the City Manager and did not circulate to the stakeholders you mention as she was satisfied with the City Manager's response

**Question 2** General Question: I submitted a list of questions to KPMG and the staff. Have they been circulated to the Audit Committee? And may I receive a copy of the conclusions?

**Answer** They were not circulated to the Audit Committee as we understood you would be raising them at Audit Committee.

**Question 3** Accounting/Budgeting: Mr. Travers, with regard to the financial report presentation, is the Storm Water revenue required to be classified as a "User Fee" under any specific accounting principle or do the rules allow for descriptive purposes only? Also, are Storm Water costs considered to be Operating Costs?

**Answer** Mr. Travers responded directly to you on May 15th, 2017:  
"One matter that I can refer to quickly and in confirmation of our conversation this morning, surrounds the presentation of the storm water charge within the statement of operations. The public sector accounting standards are not prescriptive, per se, as to where certain elements must be classified within the financial statements. There are a number of standards within the handbook dealing with specific matters which do provide some clarity. In the case of taxes, PS3510 provides some direction for the reporting, and recognition of tax

July 21, 2017

Mr. Axel Breuer

revenue within the fs. The standard specifically excludes a number of potential inflowing streams of revenue, including those seen to be part of an exchange transaction. We understand that it is management's belief that this new charge represents an exchange transaction and from a financial reporting perspective, did not consider it appropriate to classify the revenue stream as tax revenue. We were comfortable with this assessment."

- Question 4 Ms. Baker, in the approved budget, Storm Water was presented as a stand-alone department. The impact of the Storm Water Budget dollars was excluded from the traditional and important pages that summarize all the cost/revenue changes. These include:
- a) Service Areas by Cost Driver (B-13) (E-33),
  - b) The property tax impact by cost driver (B-12)
  - c) and the Tax Levy Changes (E-5).

In contrast, in the financial report the Storm Water Service area is included with all the operating costs so that we have a complete picture of expenses.

Since the \$40.3MM Storm Water Budget is an operating cost, why was the increase in operating costs reported as only 5% when it was 3 times that number at 15.3%

- Answer Your page numbers refer to the 2016 Budget Book. The Stormwater Charge is dedicated to funding the costs of that program and the Budget was prepared deliberately to demonstrate the use of the Storm Water Charge and the investments possible because of it. This was explained to Budget Committee.

For 2018 Budget we intend on including a schedule that combines the Storm Water Charge with the Tax based budget as you have suggested.

- Question 5 Ms. Baker: One important justification for charging Storm Water costs as User fees is the fact that the costs could be recovered from a larger customer base, since there are numerous tax-exempt entities. However, the User Fee is still a Levy just like the taxes are and prior to the 2016 budget, all User Fees were not compulsory levies and Storm Water was charged out as a tax?  
What was the justification for not disclosing the impact of this new compulsory fee in % terms?

- Answer If left on the property tax and relying on an assessment approach, the burden would fall 70% residential, 30% commercial. Under the methodology used for the Stormwater Charge, the burden is 40% residential and 60% commercial, which is more equitable for Stormwater due to the hard surface presented by commercial properties rather than residential ones.

July 21, 2017

Mr. Axel Breuer

- Question 6 Why did you state that taxes were rising 1.7%, when, in fact, the two levies combined rose 5.1%?
- Answer For the 2017 Budget, the impact on the property tax for the total property tax was 1.9% as outlined in the Budget Book. The Stormwater Charge is not a tax and therefore not presented in this way.
- Question 7 The taxpayers were left to figure out for themselves that a \$100 compulsory User Fee was equivalent to a 3.4% tax. Would you consider this presentation as both transparent and representing “Best Practices”?
- Answer The City of Mississauga had an extensive communication plan and we were very transparent about this new Charge. It would be inaccurate to describe it as a tax and add the numbers together. Yes we believe we used best practice in communicating this change in a transparent manner.
- Question 8 Balanced Score Cards as Performance Measurement. Ms. Baker, total compensation is roughly \$480 million or 60% of the \$796MM budget. I am told that every department receives monthly detailed absenteeism reports to control absenteeism. Absenteeism is running just under 12%, 4% higher than the private sector – a cost equivalent to \$19 MM annually. That being the case, how could Employee Engagement, prepared only once a year, possibly replace absenteeism as a Performance Measure in the Balanced Score card? What performance does it actually measure?
- Answer In the 2017 budget, labour represented \$493 million, or 64.9% of the operating budget.
- You are correct that our managers have monthly reporting on lost time.
- I do not know why you say that our absenteeism is running at 12%. For 2016, if we take the total lost time for a member of staff, that would be about 5%, so three percent less than the private sector, by your methodology.
- Question 9 To the same point, the City publishes bench-marking results to justify certain expenditures. Why isn’t bench-marking applied to compensation? How does Employee Engagement possibly rate higher as a Performance measure? What would you do if it declines?
- Answer Benchmarking is applied regularly to compensation and that information is shared with Council as they consider labour relations annually. Employee Engagement is an important measure but it is distinct from compensation benchmarking. Each unit within the corporation debriefs their engagement scores and puts an action plan in place to help maintain the positive scores and actions to improve the lower scores.

July 21, 2017

Mr. Axel Breuer

Question 10 Mr. Travers: The York Region, Richmond Hill and Kitchener are examples of cities near Mississauga that have implemented ISO 14001 prior to 2010. Is ISO certification another means to improve internal controls? Is it a “Best Practice”?

Answer Without commenting specifically about the merits of the particular ISO standard identified, any documented standard of quality that an organization pursues which has general acceptance as pertaining to a high level of quality could be perceived as a best practice. ISO certification does not in and of itself improve controls but could be part of a broader internal control program.

Question 11 Ms. Baker, in light of Mr. Travers comment and the huge investment planned for Storm Water, why is ISO not on the priority list?

Answer At this stage we are not pursuing ISO as we are currently implementing Lean methodology and have various ways of driving continuous improvement in the Corporation. I would confirm that ISO is not common practice in the Municipal Sector.

Question 12 Mr. Kent: Mississauga proudly proclaims that its winning of the GFOA Distinguished Budget Award is a symbol of budget excellence. However, only 7 of the 84 evaluation criteria pertain to standards or “Best Practices”. So, it is possible to win the award without complying with the “Best Practices”. How was Mississauga assessed on these 7 criteria?

Answer GFOA is an independent assessor, which I believe is what you were calling for. By its very name, this award is a symbol of budget excellence. The methodology is to have three assessors review the material. Two out of three assessors need to agree that we meet the standard in all 84 elements to receive the award. On the 7 criteria, Mississauga was assessed positively.

Regarding questions 13 – 16, repeated below, we understand that you had an opportunity to discuss these recently with Chief Beckett in which he outlined future plans and directions the Fire division is exploring. Fires future goals are to align services with the associate risks identified and will help to form the 2019 budget and business planning process. We understand you seemed satisfied with the information provided and therefore have not provided a written response.

Question 13 The Fire Department has launched defibrillator services. But its performance standard for this service is 6 minutes 20 seconds while NFPA, the standard setter, advocates a much shorter response time and medical associations are recommending 4 minutes, specifically. These are very critical calls!

Question: Why did the Budget Group not Vet these facts?

July 21, 2017

Mr. Axel Breuer

How can Fire justify the expansion of this program at great cost without establishing and reporting against Performance targets?

Question 14 The NFPA appears fairly flexible regarding standards for response time to non-critical incidents. 63% of FIRE calls are either non-critical. Yet the City permits Fire to use the 6 minute 20 standard for all calls and this results in the City having 20 stations populated for both Critical and non-Critical calls. This is the main reason why the FIRE budget represents 25% of total spending excluding Storm Water. A simple albeit amateurish analysis suggests that all non-critical calls could be handled by only 5 or more stations if the standard were loosened slightly, which is perfectly legal under the regulations. Twenty stations would still remain for critical calls but the cost reduction, without endangering anyone, should be very substantial. Can anyone tell us when the last study was done to evaluate these options?

Question 15 Can anyone tell us why the Fire Master Plan did not suggest such an analysis?

Question 16 In fact, I have grave concerns over the validity of the Fire Master Plan. It referenced a Toronto study to justify certain expenditures, which would increase the Budgeted costs but failed to evaluate or even mention certain proposed cost reductions that were integral to the study. Since the Fire budget is based on the Master Plan, did anyone perform an audit of it or Vet it?

Question 17 Performance audit refers to an independent examination of a program, function, operation or the management systems and procedures of a governmental or non-profit entity to assess whether the entity is achieving economy, efficiency and effectiveness in the employment of available resources. Mr. Travers - Does Mississauga comply with SORP-2?

Answer We have not been directly engaged to review such a report so I cannot comment directly as to whether the City has complied with this SORP, other than to say that in general, I'm not aware of any municipalities that have complied with this Statement of Recommended Practice in full at this time.

This SORP sets out a number of elements that would aid in the transparent evaluation of programs, departments etc. from a service delivery standpoint.

Question 18 Internal Auditor - Are Performance Audits, as defined by the Government, are ever undertaken and to compare the extent of the vetting process to the depth of Performance Audits.

Answer Our Internal Audit Division has a program and work plan which is based on risk, compliance and control. Audits review and comment with respect to four categories: Operational Control and Financial reporting; Compliance to and Clarification of Corporate Requirements;

July 21, 2017

Mr. Axel Breuer

---

Safeguarding of Assets and Information and Efficiency/ Effectiveness.

The City also conducts various management reviews and as explained we are currently implementing Lean methodology which is being managed by the Corporate Performance and Innovation Section of Corporate Services.

Thank you for your questions, I have copied our Audit Committee as requested and they will receive this at their next meeting on September 18th, 2017.

A handwritten signature in black ink that reads "G. Kent." The signature is written in a cursive, slightly informal style.

---

Gary Kent  
Commissioner of Corporate Services and Chief Financial Officer

cc. Members of Audit Committee  
Janice M. Baker, FCPA, FCA, City Manager & CAO





City of Mississauga  
Corporate Services Department  
300 City Centre Drive  
MISSISSAUGA ON L5B 3C1  
mississauga.ca

August 17, 2017

**Attention:**

Mr. Axel Breuer

Email Address: [a.g.breuer@gmail.com](mailto:a.g.breuer@gmail.com)

**Re: Audit Committee Questions, May 2017**

Mr. Breuer,

Further to your email of July 29<sup>th</sup>, 2017, I can now provide the written answers you requested.

Both of these letters will be listed on the agenda for September 18<sup>th</sup> for Audit Committee's consideration, for simplicity we have used the question numbers from your first email:

Question 13 The Fire Department has launched defibrillator services. But its performance standard for this service is 6 minutes 20 seconds while NFPA, the standard setter, advocates a much shorter response time and medical associations are recommending 4 minutes, specifically. These are very critical calls!

Question: Why did the Budget Group not Vet these facts?  
How can Fire justify the expansion of this program at great cost without establishing and reporting against Performance targets?

Answer If by Budget Group, you mean Budget Committee, then the Fire Business Plan was presented to Budget Committee and responded to any questions. Their plan, on pages C59/ 60 does measure first unit travel time, which is defined as :

"First Unit Travel Time (90th Percentile) captures how long it takes from the time the truck leaves the station until it arrives on the scene." NFPA 1710 sets out a total response time target of 360 seconds 90% of the time for medical calls. Total response time includes alarm processing (60 seconds), crew turnout time (60 seconds) and travel time. (240 seconds or the 4 minutes you refer to above in your question).

Question 14 The NFPA appears fairly flexible regarding standards for response time to non-critical incidents. 63% of FIRE calls are either non-critical. Yet the City permits Fire to use the 6 minute 20 standard for all calls and this results in the City having 20 stations populated for both Critical and non-Critical calls. This is the main reason why the FIRE budget

August 17, 2017

Mr. Axel Breuer

represents 25% of total spending excluding Storm Water. A simple albeit amateurish analysis suggests that all non-critical calls could be handled by only 5 or more stations if the standard were loosened slightly, which is perfectly legal under the regulations. Twenty stations would still remain for critical calls but the cost reduction, without endangering anyone, should be very substantial. Can anyone tell us when the last study was done to evaluate these options?

Answer      Approximately 95% of the total 29,000 incidents responded to in 2015 were initially dispatched out as an emergency call (meaning lights and siren). These include Fires, medical, alarm calls, MVC's Gas Leaks/spills, all rescue calls etc. The call response reporting (provided to you) is reported as the actual incident, once crews are on scene and have assessed. (ie, the response type is Alarm system accidental, but it is dispatched out as an emergency call for an alarm activation. Once crews arrive on scene and have investigated, they then determine the cause and code it as per the OFMEM response codes).

Question 15      Can anyone tell us why the Fire Master Plan did not suggest such an analysis?

Answer      The existing Master plan utilized a station location modelling completed by Dillion Consulting utilizing 2010 edition of NFPA 1710 which is based on travel time to areas within the city.

Further to our meeting on June 29th, in which we outlined our future plans , MFES is in the process of completing a comprehensive risk assessment. The goal of this is to identify and assess the risks that currently exist within the community as well as highlight the potential impact of these risks considering both probability and consequence. A new station location mapping process will be completed utilizing not only required travel time, but also location based on risks outlined in the assessment. The outcomes of this study will not be completed in time to inform the business plan for this cycle, it is expected that a draft report will be completed in time for discussion at budget committee if requested and provide the basis of the 2019 budget and Future Directions Master Plan.

Question 16      In fact, I have grave concerns over the validity of the Fire Master Plan. It referenced a Toronto study to justify certain expenditures, which would increase the Budgeted costs but failed to evaluate or even mention certain proposed cost reductions that were integral to the study. Since the Fire budget is based on the Master Plan, did anyone perform an audit of it or Vet it?

Answer      The 2014 Master plan, (approved in principal and subject to the business planning and budget process yearly) recommendation 18 identifies that MFES continues to review the Fire/EMS model in the Region of Peel to ensure these services are delivered in a cost effective and efficient way. It references the Toronto report not supporting a combined Fire/ EMS model. Toronto is a single tier municipality which

August 17, 2017

Mr. Axel Breuer

has control over both Fire and EMS, whereas Mississauga works in a two tier system where Fire is lower tier, but EMS is controlled by the upper tier (Region of Peel) making it harder to combine functions either in full or in part.

Through a Council request, MFES conducted a review of the tiered response agreement with Peel EMS and the Base Hospital and examined the current response criteria of Fire to medical related calls. The criterion was to ensure that MFES was only responding to calls for assistance in which their presence may have a positive outcome on patient care (ie, not responding to certain calls, such as a broken foot, where our response would no impact on patient outcome) This was revised accordingly and approved by Council in 2016.



---

**Gary Kent**  
**Commissioner of Corporate Services and Chief Financial Officer**

cc. Members of Audit Committee  
Janice M. Baker, FCPA, FCA, City Manager & CAO  
Tim Beckett, Fire Chief

City of Mississauga

# Corporate Report



Date: 2017/09/11

To: Chair and Members of Audit Committee

From: Al Steinbach, CPA, CMA, CRMA  
Director, Internal Audit

Originator's files:

Meeting date:  
2017/09/18

## Subject

### Final Audit Reports:

1. **Community Services Department, Recreation Division – CLASS Facility Rentals Audit**
2. **Transportation & Works Department, Works Operations and Maintenance Division – Works Operations Payroll Audit**

## Recommendation

That the report dated September 11, 2017 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Recreation Division - CLASS Facility Rentals Audit; and,
2. Transportation & Works Department, Works Operations and Maintenance Division – Works Operations Payroll 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, being:

1. Community Services Department, Recreation Division - CLASS Facility Rentals Audit; and,

Audit Committee

2017/09/11

2

Originators files:

2. Transportation & Works Department, Works Operations and Maintenance Division – Works Operations Payroll Audit.

The two audit reports are hereby submitted to the Audit Committee for consideration.

## Financial Impact

Not applicable.

## Conclusion

The final reports for Community Services Department, Recreation Division - CLASS Facility Rentals Audit, and Transportation & Works Department, Works Operations and Maintenance Division – Works Operations Payroll Audit are now complete and are submitted for consideration by the Audit Committee.

## Attachments

- Appendix 1: Community Services Department, Recreation Division - CLASS Facility Rentals Audit
- Appendix 2: Transportation & Works Department, Works Operations and Maintenance Division - Works Operations Payroll Audit



---

Al Steinbach, CPA, CMA, CRMA  
Director, Internal Audit

Prepared by: Karen Hobbs, Administrative Coordinator

# City of Mississauga Corporate Report



Date: 2017/09/01

To: Chair and Members of Audit Committee

From: Al Steinbach, CPA, CMA, CRMA  
Director, Internal Audit

Originator's files:

Meeting date:  
2017/09/18

## Subject

**2017 Internal Audit Work Plan Status Report**

## Recommendation

That the report dated September 1, 2017 from the Director, Internal Audit, with respect to the status of the 2017 Internal Audit Work Plan be received for information.

## Report Highlights

- A number of projects on the approved 2017 Internal Audit Work Plan have been completed and several are well underway. The remaining projects will commence in the Fall as planned.
- To date, 22% of available audit staff time has been spent on special assignments and consulting services, including special requests from management and ongoing involvement in the review and investigation of complaints received through the Whistleblower Program where appropriate. In comparison, 18% of available audit staff time was spent on similar assignments for the year 2016.
- 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.

Audit Committee	2017/09/01	2
-----------------	------------	---

Originators files:

The 2017 to 2018 Internal Audit Work Plan was approved by the Audit Committee on March 6, 2017. This report provides the status of the audits noted for 2017 and lists the special assignments, consultative projects and other initiatives which Internal Audit has undertaken during the period of January 1 to August 31, 2017.

## Comments

The 2017 Internal Audit Work Plan is being executed as anticipated. Appendix 1 to this report details the status of each project as of August 31, 2017.

### Assurance Projects (Audits)

Of the 14 audits approved by the Audit Committee on March 6, 2017 and listed on Appendix 1:

- Six (6) have been completed;
- Field work for two (2) audits, i.e. Transit Maintenance Audit and Food Services Audit, is being completed and will be reported at the December 4, 2017 Audit Committee meeting;
- Planning for the 2017 Investments, F&PM Capital Project Contracts, Parks Current Contracts, Class – Registration and Membership, and Single/Sole Sourced Acquisitions Audits is expected to begin shortly;
- The planned Street Lighting Services Agreement Audit is expected to commence later this Fall.

### Consultative Services and Special Assignments

As of August 31, 2017, 22% of available audit staff time has been spent on special assignments, including special requests from management, ongoing involvement in reviewing complaints received through the Whistleblower Program and conducting investigations as required, as well as other consultative services. In comparison, 18% of available audit staff time was spent on similar assignments in 2016. Majority of the increase was attributed to the time spent on managing Whistleblower complaints received as well as a special request by Community Services.

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.

Audit Committee	2017/09/01	3
-----------------	------------	---

Originators files:

### **Corporate Risk Assessment**

Internal Audit has undertaken a Corporate Risk Assessment to identify, measure and prioritize risks and to reinforce risk assessment principles across the Corporation. Results of the Corporate Risk Assessment will be used to develop a multi-year Internal Audit Work Plan (2018-2021) and will be presented to the Audit Committee for review and approval at the March 2018 Audit Committee meeting.

### **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, 2017, approximately 4% of staff time was spent on training and professional development.

### **External Quality Assessment**

Internal Audit will be commencing a self-assessment with independent external validation review to ensure conformity with the Institute of Internal Auditors' professional standards. The results of the external assessment will be reported at the March 2018 Audit Committee meeting.

### **LEAN Review**

Internal Audit will be initiating a LEAN review later this year to further enhance the efficiency of the audit process. Scope of the review will include reviewing the working paper audit process.

### **Financial Impact**

None.

### **Conclusion**

Status of the 2017 projects included in the Internal Audit Work Plan is summarized in Appendix 1 to this report. The Work Plan is being executed as anticipated.

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 working paper audit process later in the Fall.



Audit Committee

2017/09/01

4

Originators files:

**Attachments**

Appendix 1: 2017 Internal Audit Work Plan Status Report as of August 31, 2017



---

Al Steinbach, CPA, CMA, CRMA  
Director, Internal Audit

Prepared by: Al Steinbach, Director, Internal Audit

## 2017 Internal Audit Work Plan Status Report As of August 31, 2017

Page 1 of 3

## A. AUDITS

Service Area	Audit	Status	Comments
<b>Roads, Storm Drainage and Watercourses</b>	Works Operations Payroll	Completed	Report will be presented at the September Audit Committee meeting.
	Street Lighting Services Agreement	To commence	This audit is expected to commence in the Fall.
<b>Mississauga Transit</b>	Transit Maintenance	In progress	Audit work is being completed and will be presented at the December Audit Committee meeting.
<b>Fire &amp; Emergency Services</b>	Fleet and Building Maintenance	Completed	Report was presented at the May Audit Committee meeting.
<b>Parks &amp; Forestry</b>	Current Contracts	To commence	This audit is expected to commence in the Fall.
<b>Recreation</b>	CLASS – Facilities Rental	Completed	Report will be presented at the September Audit Committee meeting.
	CLASS – Registration and Membership	To commence	This audit will commence in the Fall.
	Food Services	In progress	Audit work is being completed and will be presented at the December Audit Committee meeting.
<b>Finance</b>	Investment	To commence	Report was presented at the March Audit Committee Meeting for the 2016 audit. 2017 audit testing will begin shortly. Report on the 2017 Investment Audit will be presented at the March 2018 Audit Committee meeting.
<b>Revenue and Materiel Management</b>	Single/Sole Source Acquisitions	To commence	This audit is expected to begin in the Fall.

**2017 Internal Audit Work Plan Status Report  
As of August 31, 2017**

Page 2 of 3

Service Area	Audit	Status	Comments
Information Technology	IT Security Review	Completed	Report presented to senior management and will be incorporated in future IT presentation to the Audit Committee.
Facilities and Property Management	Capital Maintenance Contracts	Completed	Report presented at the March 2017 Audit Committee meeting.
	Capital Project Contracts	To commence	This audit will commence in the Fall.

**B. OTHER PROJECTS**

PROJECT	STATUS	COMMENTS
Special Assignment: Community Services - Recreation	Ongoing	Internal Audit was requested by Management to conduct a special assignment in Community Services - Recreation. The assignment is being completed.
Audit Recommendations Follow-Up	Completed for May  In Progress for December	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 meeting. Results of the second follow-up will be presented at the December Audit Committee meeting.
Corporate Risk Assessment	In progress	Internal Audit is conducting a Corporate Risk Assessment to identify, measure and prioritize risks and reinforce risk assessment principles across the Corporation.
External Quality Assurance	Planning	As part of the Institute of Internal Auditors' quality assurance standards, Internal Audit is undertaking a self-assessment with independent validation review. Results of the review are to be presented at the March 2018 Audit Committee meeting.
Automation of Revenue Management and Bank Reconciliation processes	Completed	Internal Audit was requested to participate in a project for the automation of bank reconciliation and the replacement of the Accounts Receivable Collection system. This has been completed.

## 2017 Internal Audit Work Plan Status Report As of August 31, 2017

PROJECT	STATUS	COMMENTS
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"> <li>• Bid Rigging review</li> <li>• SAP Concur expense management project</li> <li>• New and amended City By-law and Corporate Policies and Procedures including Purchasing By-law; Pcard Policy; Business Expense Policies</li> <li>• Changes to or new business processes</li> </ul>
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 courses offered by the Project Management Support Office, Crystal training, etc. Audit staff have also participated in a one-day workshop of the Municipal Internal Auditors' Association (MIAA) in the Spring and will be attending the Association's Fall Workshop to network with internal auditors from various municipalities.</p>