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## **Audit Committee**

### **Date**

March 6, 2017

### **Time**

9:04 a.m.

### **Location**

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

### **Members Present**

Mayor Bonnie Crombie	(Arrived at 9:10 a.m.)
Councillor Karen Ras	Ward 2
Councillor Matt Mahoney	Ward 8
Councillor Ron Starr	Ward 6 (Chair)

### **Members Absent**

Councillor Jim Tovey	Ward 1
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### **Staff Present**

Janice Baker, City Manager and Chief Administrative Officer  
Gary Kent, Commissioner of Corporate Services and Chief Financial Officer  
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  
Angie Melo, Legislative Coordinator, Office of the City Clerk  
Karen Morden, Legislative Coordinator, Office of the City Clerk

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1. **CALL TO ORDER** – 9:04 a.m.

2. **APPROVAL OF AGENDA**

That the agenda be approved as presented.

Motion: Moved by: (M. Mahoney)

3. **DECLARATION OF CONFLICT OF INTEREST** - Nil

4. **MINUTES OF PREVIOUS MEETING**

- 4.1. That the Audit Committee minutes of November 14, 2016 be approved as presented.

Approved (K. Ras)

5. **DEPUTATIONS**

Mayor Crombie arrived at 9:10 a.m.

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

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.**

Paul Mitcham, Commissioner, Community Services provided an overview of the Community Services Compliance Project, which Mr. Mitcham indicated establishes a proactive plan. Mr. Mitcham advised that Jason Klomp, Manager, Client Services, Recreation Division has been appointed to lead a small compliance group to work through every section throughout the organization with a view towards confirming processes and ensuring we have compliance to financial controls and inventory controls, and as a consequence we will have established a very strong process framework that the Manager or the Supervisor can self-audit and/or the Compliance Manger can audit, with the objective to report up the line. Mr. Mitcham indicated that this process will take

approximately 18 months to 2 years to complete all the sections; however priority will be given to the high risk areas.

Councillor Karen Ras inquired whether more time should be added to the timelines for completing this process, given that, as Mr. Mitcham indicated, this is an ambitious undertaking. Mr. Mitcham advised that they will be monitoring the progress after the first 6 months to get a better understanding of how detailed and how long it will take and report back to the Audit Committee. Councillor Ras suggested that consideration should be given to reporting to the Audit Committee sometime in June 2018, rather than indicating that the project would be complete by June 2018. Mr. Mitcham agreed.

Councillor Ron Starr inquired about whether there is a template being followed or is it in accordance with other standard audit directions. Mr. Mitcham advised that there will be a standardized approach, and that there could be some templates. Mr. Mitcham further advised that the first step is to lock down the process and have internal audit and finance sign off on the process.

#### Recommendation

AC-0001-2017

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

#### Received (M. Mahoney)

<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			

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

Sally Eng, Director, Internal Audit, spoke to the Internal Audit Work Plan for 2017. Ms. Eng indicated that the 2017 is the last year of the multi-year program approved by the Audit Committee. Ms. Eng further indicated that the Internal Audit Work Plan has been brought back to the Audit Committee annually and adjusted to reflect updated information. Ms. Eng advised that the focus is to finish the reports that were commenced in 2016. The new project based on the original 3 year plan has been amended due changes in priorities, risk profiles and resources. Some of the timing of the projects have been amended due to departments undergoing changes, and in those cases, Internal Audit staff are working with management and staff to advise and recommend appropriate controls in their systems.

Ms. Eng further advised that the Audit Division had 2 main projects, one being the corporate risk assessment, which is required in order to develop the 2018-2020 Work Plan. Ms. Eng further advised that later in the year Internal Audit staff will work with management and staff to assess the risk of City projects and programs in order to develop the 2018-2020 Work Plan, and, further that the projects that have been recommended to be deferred from 2017 will also be considered for the 2018-2020 Work Plan.

Ms. Eng advised that the other project is the Quality Assurance Review required by the Institute of Internal Auditors, to ensure that we comply with the professional standards of the Institute of Internal Auditors and the Institute requires that an ongoing self-assessment to ensure we are continuously improving and that we engage an external consultant every 5 years to verify that we are complying with the Code of Ethics, Institute Standards and our own Charter.

Ms. Eng commented that despite the efforts made to plan, monitor and do the best we can, there are always interruptions and to be mindful that the Work Plan needs to remain flexible to accommodate changes.

Ms. Eng advised that a status report, advising of changes, will be brought forward to the Audit Committee in September 2017.

Recommendation

AC-0002-2017

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.

Received (Mayor Crombie)

<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			

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

Thomas Kelly, Senior Internal Auditor spoke about the Final Audit Report, for the Corporate Services Department, Facilities and Property Management Division Capital Maintenance Contracts Audit. Mr. Kelly indicated that the Facilities and Development and Accessible sections are responsible for the capital projects, capital maintenance, providing accessibility services and delivering space planning services. Mr. Kelly advised that the Audit Report focused on capital maintenance projects which are replacing existing buildings and infrastructure that have reached the end of their life cycle, for example replacing a roof, repaving a parking lot, and installing a new back-up generator. Mr. Kelly provided an overview of the audit objectives and criteria.

Mr. Kelly advised that previous audit recommendations for this area were followed up and show that controls are in place, for example approval and documentation of contracts and subsequent changes, payments to the contractors were properly approved calculated processed and recorded, charge back for labour recovery were consistently charged to each project; and liability insurance was requested and received for each contractor.

Mr. Kelly further advised that controls could be further strengthened by consistently allocating expenses to the current accounts and projects, insurance certificates comply with the terms of the contract and reviewing the project managers and project files and warranty information gets entered into the data base.

Mr. Kelly advised that the last audit on capital maintenance contracts was performed in 2007, which had 14 recommendations and have all been implemented; however issues relating to 3 of the recommendations have resurface; they are which are reviewing the project management manual annually and updating where necessary; developing performance standards for closing project files and warranty information into the data base; and ensuring adequate liabilities insurance coverage when warranty work is performed. There is currently a process in place; however, an additional procedure is being recommended.

Mr. Kelly advised that the audit resulted in 9 recommendations. Management has agreed with the recommendations. Mr. Kelly further advised that 5 of the recommendations will be completed by April 2017, 3 recommendations will be completed by the end of the year and the remaining recommendation will be completed by March 31<sup>st</sup>. 2018.

Mr. Kelly thanked the Facilities and Property Management staff, and Kendall Wayow, Manager of Building Services and Operations for the assistance with the audit.

#### Recommendation

AC-0003-2017

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.

Received (M. Mahoney)

<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			

**8. MOTIONS**

Sally Eng, Director, Internal Audit addressed the Audit Committee, advising that this is her last Audit Committee meeting and thanked them and all Members of Council for guidance and support and the great opportunity to work for the City of Mississauga; it has been an honour and privilege. Ms. Eng introduced Al Steinbach, the new Director, Internal Audit.

Audit Committee Members and staff present expressed their thanks to Sally Eng for her professionalism, efforts, approach and dedication over all the years in the Corporation.

**Recommendation**

That the Chair and Members of the Audit Committee express thanks and gratitude to Sally Eng, Director of Internal Audit for her many years of service and expertise as the Director of Internal Audit and upon her retirement, wish her well in her future endeavours.

Motion to recognize Sally (moved by B. Crombie)

<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			

9 **ENQUIRIES** – Nil

Councillor Ron Starr inquired about the Whistle blower policy.

Janice Baker, City Manager and Chief Administrative Officer, advised that she is brief on every report received, and that every year approximately 12 to 15 incidents are reported. Ms. Baker further advised that every report is looked into and that approximately 75 to 80% of reports are fully investigated, and that there are a number of those, ½ or less that are substantiated, where action is taken, such as training, discipline, including termination.

10. **CLOSED SESSION**

Pursuant to Subsection 239 (2) of the Municipal Act, Mayor Crombie moved the following motion:

Whereas the *Municipal Act, 2001*, as amended, requires Council to pass a motion prior to closing part of a meeting to the public;

And whereas the Act requires that the motion states the act of the holding of the closed meeting and the general nature of the matter to be considered at the closed meeting;

Now therefore be it resolved that a portion of the General Committee meeting to be held on March 6, 2017 shall be closed to the public to deal with the following matter:

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

Paul Mitcham, Commissioner of Community Services provided a verbal update regarding the Meadowvale Theatre Audit Action Plan.

Returned from Closed Session at 9:40 a.m.

This motion was voted on and carried at 9:41 a.m.

(b) **Meadowvale Theatre Audit Action Plan Update**

**Recommendation**

AC-0005-2017

1. That the Corporate Report dated 9, 2017, from the Commissioner of Community Services entitled "Meadowvale Theatre Audit Plan Update" be received for information.



2. That staff be directed to amend the Corporate Report dated 9, 2017, from the Commissioner of Community Services entitled "Meadowvale Theatre Audit Plan Update, and bring it to the General Committee.

Received (Mayor Crombie)

<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			

**ADJOURNMENT** – 9:45 a.m. (K. Ras)