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## **Audit Committee**

### **Date**

November 16, 2015

### **Time**

9:00 a.m.

### **Location**

Council Chambers, 2<sup>nd</sup> Floor Civic Centre

300 City Centre Drive, Mississauga, ON L5B 3C1

### **Members Present**

#### **Members Present**

Mayor Bonnie Crombie (arrived at 9:05 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, 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

Ana Chan, Senior Manager, KPMG, External Auditor

Carmela Radice, Legislative Coordinator, Office of the City Clerk

### **Find it online**

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

1. **Call to Order** - (9:03 a.m.)

2. **Approval of the Agenda**

That the agenda be approved as follows:

(a) Councillor Starr added the appointment of the Chair of Audit Committee.

Motion: Moved by: K. Ras

3. **Declarations of Conflict of Interest** - Nil

4. **Minutes of Previous Meeting**

4.1 That the Audit Committee minutes of September 21, 2015 be approved as presented.

Approved (M. Mahoney)

5. **Deputations** - Nil

6. **Matters to be Considered**

6.1 That the report dated October 9, 2015, from the Commissioner of Corporate Services and Chief Financial Officer re: **External Auditor Appointment**.

Gary Kent, Commissioner of Corporate Services and Chief Financial Officer spoke to the appointment of the external auditor appointment.

RECOMMENDATION

AC-0012-2015

That KPMG LLP be appointed the City's external auditor for the term of its contract (2015-2019 fiscal year) with the City and until a successor is appointed.

Approved (J. Tovey)

Mayor Crombie arrived at 9:05 a.m.

- 6.2 That the report dated October 15, 2015, from the Commissioner of Corporate Services and Chief Financial Officer re: **Audit Engagement Letter and Audit Planning Report.**

Gary Kent, Commissioner of Corporate Services and Chief Financial Officer and Ana Chan, Senior Manager, KPMG, External Auditor provided highlights of the audit engagement letter and audit planning report. Councillor Starr inquired if this structure is typical of every municipality. Ms. Chan indicated that it is a typical structure for a municipality.

#### RECOMMENDATION

AC-0013-2015

1. That the report dated October 15, 2015, from the Commissioner of Corporate Services and Chief Financial Officer with respect to the Audit Engagement Letter covering the fiscal years 2015 through 2019 and Audit Planning Report, be received for information.
2. That the 2015 Audit Planning Report, be received for information (Appendix 2).
3. That the Chair and Chief Financial Officer be directed to execute the Audit Engagement Letter covering the fiscal years 2015 through 2019 (Appendix 1).

Received (K. Ras)

- 6.3 That the report dated November 2, 2015, from the Director of Internal Audit re: **Final Audit Reports: 1. Corporate Services Department, Facilities and Property Management Division – Current Maintenance Contracts Audit, and 2. Corporate Services Department, Facilities and Property Management Division – Rental and Lease Agreements Audit.**

Thomas Kelly, Senior Internal Auditor provided an overview of Corporate Services Department, Facilities and Property Management Division – Current Maintenance Contracts Audit report. He further indicated that the audit resulted in 11 recommendations of which 7 address concerns with compliance and clarification of Corporate Requirements; 3 enhance operational control and financial reporting; and 1 aims to improve efficiency/effectiveness. Management agreed with the recommendations and 2 will be completed by November 2015; 8 will be implemented before June 2016 and the remaining recommendation requires a review of the Infor Asset Management System “service contract” module to prepare monthly preventative maintenance schedules is expected to be completed at June 2018. Councillors Ras and Starr inquired about training full-time staff and the contractors. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer indicated that staff and the contractors are reminded of their

responsibilities. Raj Sheth, Director of Facilities and Property Management indicated that there has not been any formal training for the contractors, although staff works closely with each vendor to make sure they are providing their information to the right department. Sally Eng, Director of Internal Audit indicated that the controls are being amended to provide more efficiency and effectiveness.

Tara Zammit, Audit Associate provided an overview of Corporate Services Department, Facilities and Property Management Division – Rental and Lease Agreements Audit report. She further indicated that the audit resulted in 17 recommendations of which 4 are related to Operational Control and Financial Reporting; 5 are for Safeguarding of Assets and information; 6 deal with issues on Compliance with the Clarification of Corporate Requirements and the remaining 2 enhance Efficiency and Effectiveness. Management agreed with the recommendations of which 8 have been completed or are ongoing; 6 will be done by December 31, 2015; 2 will be completed before June 30, 2016 and the remaining recommendations which relate to the development of a departmental procedure manual is expected to be completed by September 30, 2016. Councillor Starr inquired about the agreements and revenues. Ron Sanderson, Manager of Realty Services spoke about staff and their responsibilities regarding the agreements. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer indicated that the agreements for the community centres are revenue neutral.

#### RECOMMENDATION

AC-0014-2015

That the report dated November 2, 2015, from the Director of Internal Audit with respect to final audit reports: 1. Corporate Services Department, Facilities and Property Management Division – Current Maintenance Contracts Audit, and 2. Corporate Services Department, Facilities and Property Management Division – Rental and Lease Agreements Audit, be received for information.

Received (J. Tovey)

- 6.4 That the report dated November 2, 2015, from the City Manager and Chief Administrative Officer re: **Status of Outstanding Audit Recommendations as of September 30, 2015.**

Councillor Ras inquired about the outstanding recommendations since 2011. Sally Eng, Director of Internal Audit indicated that system upgrades make the recommendations take some time to complete.

RECOMMENDATION

AC-0015-2015

That the report dated November 2, 2015, from the City Manager and Chief Administrative Officer re: Status of Outstanding Audit Recommendations as of September 30, 2015, be received for information.

Received (K. Ras)

- 6.5 Members of the Committee appointed Councillor Starr as Chair of the Audit Committee for the term of office to November 30, 2018 or until a successor is appointed.

RECOMMENDATION

AC-0016-2015

That Councillor Ron Starr be appointed as Chair of the Audit Committee for the term of office to November 30, 2018 or until a successor is appointed.

Approved (J. Tovey)

7. **Inquiries** - Nil
8. **Closed Session** - Nil
9. **Adjournment** - (9:38 a.m.)