
Audit Committee

Date

2017/12/04

Time

9:01 AM

Location

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

Members Present

Mayor Bonnie Crombie	Arrived at 9:14 AM
Councillor Jim Tovey	Ward 1
Councillor Karen Ras	Ward 2
Councillor Ron Starr	Ward 6
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, Acting Director of Finance and Treasurer
Geoff Wright, Commissioner, Transportation and Works
Mark Beuparlant, Manager of Corporate Financial Services
Al Steinbach, Director, Internal Audit
Kevin M. Travers, Partner, KPMG, External Auditor
Sacha Smith, Manager of Legislative Services and Deputy Clerk
Allyson D'Ovidio, Legislative Coordinator

Find it online

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

1. CALL TO ORDER – 9:01 AM
2. APPROVAL OF AGENDA
Approved (Councillor Ras)
3. DECLARATION OF CONFLICT OF INTEREST - Nil
4. MINUTES OF PREVIOUS MEETING
 - 4.1. Minutes of September 18, 2017
Approved (Councillor Mahoney)
5. DEPUTATIONS - Nil
6. PUBLIC QUESTION PERIOD - 15 Minute Limit (5 Minutes per Speaker)

Pursuant to Section 42 of the Council Procedure By-law 0139-2013, as amended:

Audit Committee may grant permission to a member of the public to ask a question of Audit Committee, with the following provisions:

1. The question must pertain to a specific item on the current agenda and the speaker will state which item the question is related to.
2. A person asking a question shall limit any background explanation to two (2) statements, followed by the question.
3. The total speaking time shall be five (5) minutes maximum, per speaker.

7. MATTERS TO BE CONSIDERED

7.1. Final Audit Reports:

Al Steinbach, Director, Internal Audit and Barbara Webster, Senior Internal Auditor spoke to the Audit report on Food Services. The audit examined the various food operations, business processes and controls over rental and catering contract administration at both Lakeview and BraeBen Golf Courses as well as the catering at Harding Waterfront Estate. Ms. Webster noted that Food Services generated over \$3.11 million in revenue through events, rentals and food and beverage sales, \$2.95 million in operating costs which included \$1.25 million in labour costs.

The audit has resulted in 14 recommendations and management has agreed to all of them. Eight recommendations are made regarding compliance with and clarification of

corporate requirements, four recommendations are put forward to strengthen operational control and financial reporting, one recommendation related to improving the efficiency and effectiveness of business operations and one related to the safeguarding of assets and information. Two (2) of the recommendations will be completed by November 30, 2017, four (4) by the end of January, 2018, five (5) by June 30, 2018, two (2) by September 30, 2018 and the final recommendation regarding a full staffing structure review will be done by December 31, 2018.

In response to Councillor Ras, Ms. Webster identified the risks associated with contracts being unsigned by clients and noted that signed contracts confirm the expectations of the event order and prevent discrepancies. Ms. Webster also noted that staff was reimbursed where mistakes were found in gratuities.

In response to Councillor Ras, Paul Mitcham, Commissioner of Community Services spoke to about the lessons learned from the audit of the three locations and noted that going forward; they will be used to identify best practises at each venue, including the Civic Centre. Councillor Tovey and Councillor Starr both commended staff on the many improvements made since the last audit.

Thomas Kelly, Senior Internal Auditor presented the Transit Maintenance Audit Report, noting the audit reviewed the controls over the maintenance of transit vehicles and equipment with an emphasis on transit maintenance purchases and administration including service contracts, fuel procurement and distribution.

In total, the audit has resulted in nineteen (19) recommendations, of which eleven (11) are intended to enhance Operational Control and Financial Reporting; six (6) address concerns with Compliance with and Clarification of Corporate Requirements; and the remaining two (2) recommendations deal with Safeguarding of Assets and Information and to improve Efficiency/Effectiveness of Transit maintenance business processes through a Lean process review. Management has agreed with all of the recommendations; ten (10) will be completed by January 31, 2018 and seven (7) will be implemented by December 31, 2018. The remaining two (2) recommendations with respect to conducting a Lean review and performing a warranty cost/benefit analysis for the 2017 bus purchases are expected to be completed by March 31 and November 30, 2019, respectively.

In response to Mayor Crombie, Geoff Marinoff, Director of Transit, noted the lack of documented procedure is due to the fact that staff have been in their roles for a long time. Mr. Marinoff noted that going forward procedures will be documented. In response to Mayor Crombie, Mr. Marinoff noted that they are looking into automating the warranty process to prevent unnecessary purchases in the future. Mr. Marinoff confirmed with Mayor Crombie that a cost benefit analysis has determined that the current software is

not working in our favour and further that staff is presently working to procure a new system that will increase efficiency and control.

In response to Councillor Ras, Mr. Kelly confirmed the last audit on Transit was conducted in 2009 and noted that fueling was added as a component to this audit. In response to Councillor Ras, as to whether it is possible to streamline processes, Mr. Marinoff noted that we try to minimize the manual process as much as possible to be efficient. The current system tracks the fueling system and fluids and interfaces into the management system. Councillor Ras noted that a cost analysis with respect to bumper to bumper warranties should be brought back to the Audit Committee once complete. Councillor Starr expressed concerns with the lack of continuity of manuals and further that he would like to see a report on progress in the coming years.

Janice Baker, City Manager and CAO spoke to the challenges in tracking the information and noted the audit didn't find any material errors or discrepancies and further there are certainly weaknesses and we can work on them. Ms. Baker noted we need to invest in our back room systems and that although there is a significant gap, reasonable business practises are in place and the system it is still working.

In response to Councillor Starr, Mr. Steinbach noted that part of the recommendations include that a lean review be conducted. In response to Councillor Starr, Mr. Kelly noted a lean review cannot be conducted until new systems are in place. Geoff Wright, Commissioner of Transportation and Works, noted that all departments are subject to lean.

In response to Councillor Tovey, Mr. Steinbach noted most of the recommendations from the 2009 audit report were completed and further that the documenting of procedures was again identified as a weakness. Ms. Baker noted that we continue to look for ways to improve.

RECOMMENDATION

AC-0017-2017

That the report dated November 21, 2017 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Recreation Division, South Recreation District – Food Services Audit; and,
2. Transportation & Works Department, MiWay Transit Division – Transit Maintenance Audit, 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 Ras) (5, 0, 0)

7.2. Status of Outstanding Audit Recommendations as of September 30, 2017

In response to Mayor Crombie, Ms. Baker noted that of the 9 outstanding recommendations with respect to Administrative Penalties, 7 have been implemented and further that a total of 20 recommendations of 38 are underway.

RECOMMENDATION

AC-0018-2017

That the report dated November 17, 2017 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of September 30, 2017 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 (Mayor Crombie) (5, 0, 0)

7.3. 2017 Audit Plan

Kevin Travers, External Auditor, KPMG spoke to the audit planning report and noted that it is the first of two with the second will to be presented in May 2018 upon the completion of audit engagement. Mr. Travers noted that in addition to the overall audit of the City itself, there are audits on components which includes; Enersouce Corporation and non-significant components which includes City of Mississauga Library Board and the individual BIAs. Mr. Travers noted that 2017 will be slightly different due to the amalgamation with Alectra which the asset will represent Enersource Corporation's share in Alectra.

Mr. Travers noted that fraud risk from revenue recognition and fraud risk from management override of controls are not elevated risks for Mississauga but are always assumed risks that are to be reviewed through the audit process. Further, Mr. Travers noted that the results will be reported in the Spring.

In response to Councillor Ras, Mr. Travers noted that the current auditing standards require the auditor of the investor to visit the auditor of Alectra and review all work and planning decisions.

In response to Councillor Starr, Jeff Jackson, Director of Finance and Treasurer, noted that Cemeteries and Elections are designated trust funds.

RECOMMENDATION

AC-0019-2017

That the report dated November 7, 2017 from the Commissioner of Corporate Services and Chief Financial Officer with respect to the 2017 Audit Planning Report (Appendix 1), 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			

8. Received (Councillor Mahoney) (5, 0, 0)
ENQUIRIES - Ni
9. CLOSED SESSION
- 9.1. IT Security Briefing - Audit Committee - December 4, 2017

RECOMMENDATION

AC-0020-2017

That the verbal update during Closed Session on December 4, 2017 with respect to IT Security, 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 Ras) (5, 0, 0)

10. ADJOURNMENT – Mayor Crombie 10:29.