
Audit Committee

Date

2018/11/12

Time

9:04 AM

Location

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

Members Present

Councillor Dave Cook	Ward 1
Councillor Ron Starr	Ward 6 (Chair)
Councillor Matt Mahoney	Ward 8

Members Absent

Mayor Bonnie Crombie	
Councillor Karen Ras	Ward 2

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 Beuparlant, Manager of Corporate Financial Services
Al Steinbach, Director, Internal Audit
Krystal Christopher, Legislative Coordinator, Office of the City Clerk
Karen Morden, Legislative Coordinator, Office of the City Clerk

Others Present

Kevin M. Travers, Partner, KPMG, External Auditor

Find it online

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

1. **CALL TO ORDER** – 9:04 A.M.

2. **APPROVAL OF AGENDA**

Approved (Councillor Mahoney)

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

4. **MINUTES OF PREVIOUS MEETING**

4.1. Audit Committee Minutes - May 7, 2018

Approved (Councillor Cook)

5. **DEPUTATIONS**

5.1. **2018 Audit Plan**

Kevin Travers, Lead Audit Engagement Partner, KPMG LLP provided a brief overview of the 2018 Audit Plan, noting that the Plan is focused on organizational areas, financial controls and policies, the audit cycle, timetable, quality, and approach and methodology. Furthermore, Mr. Travers spoke briefly regarding new technology to assist with materiality, performance, financial impacts, procedures, and error assessment in performing audits.

Corporate Report 7.1 was considered at this time.

7.1. Report dated September 19, 2018 from the Commissioner of Corporate Services and Chief Financial Officer : **2018 Audit Plan**

Recommendation

AC-0011-2018

That the report dated October 23, 2018 from the Commissioner of Corporate Services and Chief Financial Officer with respect to the 2018 Audit Planning Report (Appendix 1), be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor M. Mahoney	X			
Councillor D. Cook	X			
Councillor R. Starr	X			
Councillor K. Ras			X	

Received (3, 0, 2 - Absent)

6 **PUBLIC QUESTION PERIOD - 15 Minute Limit (5 Minutes per Speaker) – Nil.**

7. MATTERS CONSIDERED

7.2. Report dated October 31, 2018 from the Director, Internal Audit: **Final Audit Reports:**

- 1. Community Services Department, Parks and Forestry Division – Forestry Current Contracts Audit**
- 2. Community Services Department, Recreation Division – CLASS Memberships and Registrations Audit**
- 3. Corporate Services Department, Revenue and Materiel Management Division, Material Management – Single, Sole Source and Emergency Acquisition Audit**
- 4. Corporate Services Department, Revenue and Materiel Management Division – Office Supplies Contract Audit.**

1. Forestry Current Contracts Audit

Al Steinbach, Director of Internal Audit, introduced Tara Zammit, lead Senior Auditor, who spoke to the Forestry Current Contracts Audit. Ms. Zammit explained that the audit focused on departments adherence to applicable legislation, City By- laws and corporate/department policies and procedures. In addition, Ms. Zammit outlined the operating budget for Forestry contracts.

As a result of the audit, Ms. Zammit noted that the errors outlined were administrative in nature. Ms. Zammit spoke briefly regarding the findings of the audit which included the lack of a second approval signature on invoices, lack of evidence that a field inspection was done upon the completion of work and the incorrect fees charged to residents in a

Notice of Contravention.

As a result of the audit, Ms. Zammit outlined that twelve recommendations were made, most were administrative. The department agreed to all twelve recommendations. Staff in this department has complied with two recommendations so far and the other ten recommendations will be complied with by the end of 2018.

Councillor Mahoney addressed the nominal fee on the lack of signatures and it was advised by Tara Zammit that the amount was \$770.

2. CLASS Membership and Registrations Audit

Al Steinbach, Director of Internal Audit, introduced Amy Truong, lead Senior Internal Auditor who spoke to the CLASS Membership and Registrations Audit. Ms. Truong explained the audit's main focus which was the registration and membership enrollment process, the management of revenues, protection of customer's information and the administration of the ActiveAssist Program.

Ms. Truong spoke to the improvements that were made in the 2009 audit and outlined that similar observations emerged at this recent audit. Ms. Truong spoke briefly to the findings of the audit which included monitoring program compliance, destruction of cheques, monitoring membership discounts and the requirements of a medical note to withdraw from program.

Ms. Truong outlined that there were a total of sixteen recommendations made as a result of the audit and all recommendations were administrative in nature. Ms. Truong indicated that three of the recommendations have already been completed, ten of the recommendations will be completed by the end of 2018 and the other three will be completed by March and June of 2019.

Councillor Starr raised concern for some areas in the last audit that resurfaced during this audit. Ms. Truong stated it does happen at times and that continuous reinforcement is required to front line staff to ensure procedures are being followed. Ms. Truong also noted that there is a system limitation where staff does not always know if supervisor approval is required, however, it is a minimal occurrence. Janice Baker, City Manager and Chief Administrative Officer, spoke to the staff turnover in this area and the efforts being made to ensure staff are properly informed and trained.

3. Single, Sole Source and Emergency Acquisition Audit

Al Steinbach, Director of Internal Audit, introduced Barb Webster, Senior Internal Auditor who spoke to the results of the Single, Sole and Emergency Acquisition Audit. Ms. Webster explained the audits main focus which was the department's compliance with the City's Purchasing By-law and applicable Corporate Policies/Procedures, acquisition/payment processes and the review of completed acquisitions, contracts and transaction.

Ms. Webster spoke to the findings of the audit which included the proper processes that are being followed by Materiel Management, purchases being made on Procurement Cards (PCards) and vendors that are being single sourced without a contract. Ms. Webster also spoke briefly to the ambiguity of section 18 of the Purchasing By-law and noted that Materiel Management has agreed to amend to By-law in 2019.

Ms. Webster outlined that there were a total of eight recommendations made and management has agreed to all of them. One recommendation was completed during the audit, two will be completed by the end of October 2018, three will be completed by December 31, 2018, and the two remaining by June 30, 2019.

Councillor Starr raised concern about the lack of control in repeated purchases being made from the same vendors without a contract and the process for competitive bids from other vendors. Connie Mesih, Director of Revenue and Materiel Management, responded by stating there is a need for the low value acquisitions to be reviewed. Ms. Mesih also spoke to the changes in orders that are allowed under the Purchasing By-law, the benefits of having a database for vendor's to access and the information sessions available for potential vendors. Erica Edwards, Manager of Material Management, added that the repeated purchases that are mentioned are from retail purchases. Ms. Edwards also spoke briefly to publicly posted vendor contracts, low level vendor acquisitions and the parameters of the Purchasing By-law.

Councillor Cook added that he was impressed with the staff looking into single/sole source situations. Gary Kent, Commissioner of Corporate Services and CFO, spoke to the additional training of staff, the posting of monthly reports and the appointment of new staff to monitor low level acquisitions.

4. Office Supplies Audit

Al Steinbach, Director of Internal Audit, introduced Thomas Kelly, Internal Senior Auditor to present the results of the Office Supplies Audit. Mr. Kelly spoke briefly about the Novexco contract and explained the purpose of this audit which was to review the controls in place with respect to the administration and compliance with contract terms, contractor performance, pricing accuracy, appropriateness of purchases/payments made and the recorded mitigation of potential risk exposure.

Mr. Kelly spoke briefly to the findings of the audit which included better managing of the contract, value of purchases, the purchase of supplies from other companies and non-stationary blocked supplies that were still being purchased. Mr. Kelly also spoke briefly to paper being added to the contract and the City receiving a credit due to a human error at Novexco.

Mr. Kelly outlined that there were a total seventeen recommendations made as a result of the audit. Seven of the recommendations have been completed so far, another seven will be completed by December 31, 2018 and one will be completed by January 31, 2019. The remaining two recommendations will be completed by June 30, 2019. Mr. Kelly also noted that a Buyer has since been recruited by the City to monitor and ensure compliance of the contract.

Members of the Committee and staff engaged in a discussion with respect to the procedures of ordering office supplies, the responsibility of monitoring adherence of the contract and the overall amount purchased from Novexco on an annual basis. Gary Kent, Commissioner of Corporate Services and CFO, explained who is responsible for monitoring contracts and explained the procedure of ordering office supplies. Mr. Kent also added that a Buyer has now been appointed to ensure adherence to the Office Supplies Contract. Mr. Kelly spoke to the overall purchase amount from Novexco on an annual basis, purchases of office supplies using PCards and following up with departments to ensure improvements are in place. Janice Baker, City Manager and Chief Administrative Officer, spoke to management oversight, stronger communication of procedures to staff and staff turnover in the department.

Recommendation

AC-0012-2018

That the report dated October 31, 2018 from the Director of Internal Audit with respect to final audit reports:

1. Community Services Department, Parks and Forestry Division – Forestry Current Contracts Audit;
2. Community Services Department, Recreation Division – CLASS Memberships and Registrations Audit;
3. Corporate Services Department, Revenue and Materiel Management Division, Material Management – Single, Sole Source and Emergency Acquisition Audit; and,
4. Corporate Services Department, Revenue and Materiel Management Division – Office Supplies Contract Audit

be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor M. Mahoney	X			
Councillor D. Cook	X			
Councillor R. Starr	X			
Councillor K. Ras			X	

Received (3, 0, 2 – Absent)

7.3. 2018 Internal Audit Work Plan Status Report

Recommendation

AC-0013-2018

That the report dated October 15, 2018 from the Director, Internal Audit, with respect to

the status of the 2018 Internal Audit Work Plan be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor M. Mahoney	X			
Councillor D. Cook	X			
Councillor R. Starr	X			
Councillor K. Ras			X	

Received (3, 0, 2 – Absent)

7.4. Status of Outstanding Audit Recommendations as of September 30, 2018

Janice Baker, City Manager and Chief Administrative Officer spoke to Audit recommendations from September 30, 2018, notifying that this is to give sense of where they are and why outstanding matters are still outstanding when Audit is completed. Audit works with team to form timeline to make changes. Audit is working with each individual audit, trust and verify. Teams are expected to meet deadlines and are to follow up if deadline cannot be met. Separate sheet 7.4 – 4, waiting for technology solution to be implemented.

Recommendation

AC-0014-2018

That the report dated October 30, 2018 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of September 30, 2018 be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor M. Mahoney	X			
Councillor D. Cook	X			
Councillor R. Starr	X			
Councillor K. Ras			X	

Received – Councillor Cook (3, 0, 2 – Absent)

8. ENQUIRIES – Nil.

9. **CLOSED SESSION** - Nil.
10. **ADJOURNMENT** – 10:01 A.M