
Audit Committee

Date

May 6, 2019

Time

9:02 a.m.

Location

Council Chamber, 2nd Floor, Civic Centre,
300 City Centre Drive, Mississauga, ON L5B3C1

Members Present

Councillor Karen Ras	Ward 2
Councillor Ron Starr	Ward 6 (Chair)
Councillor Dipika Damerla	Ward 7

Members Absent

Mayor Bonnie Crombie	(other municipal business)
Councillor Stephen Dasko	Ward 1 (other municipal business)

Staff Present

Janice Baker, City Manager and Chief Administrative Officer
Gary Kent, Commissioner, Corporate Services and Chief Financial Officer
Paul Mitcham, Commissioner, Community Services
Jeff Jackson, Director of Finance and Treasurer
Mark Beuparlant, Manager of Corporate Financial Services
Al Steinbach, Director, Internal Audit
Amy Truong, Senior Auditor, Internal Audit
Kevin Travers, Partner, KPMG, External Auditor
Krystal Christopher, Legislative Coordinator, Office of the City Clerk
Karen Morden, Legislative Coordinator, Office of the City Clerk

Find it online

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

1. **CALL TO ORDER** - 9:02 A.M.

Councillor Starr called the meeting to order at 9:02 A.M.

2. **APPROVAL OF THE AGENDA**

Approved (Councillor Damerla)

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

4. **MINUTES OF PREVIOUS MEETING**

4.1 Audit Committee Draft Minutes – March 4, 2019

Approved (Councillor Damerla)

5. **DEPUTATIONS**

5.1 **Mark Beauparlant, Manager, Financial and Treasury Services on an update of the 2018 Financial Statements.**

Gary Kent, Commissioner, Corporate Services and Chief Financial Officer, made opening submissions with respect to the year-end Financial Statements. Mark Beauparlant, Manager, Financial and Treasury Services, and Kevin Travers, KPMG, External Auditor, spoke to the observations noted during the Audit.

Mr. Beauparlant's presentation highlighted the following: Financial Statements; Budget Book; Financial Assets and Liabilities; Investments; Non-Financial Assets; Accumulated Surplus; Revenues; and Expenses.

Corporate Report 7.1 was considered at this time.

7.1. Report dated April 22, 2019 from the Commissioner of Corporate Services and Chief Financial Officer: **2018 Audit Findings Report**

Kevin Travers, Partner, KPMG, External Auditor, provided a brief overview of the 2018 Audit Findings Report, noting that the Plan is focused on the review of the consolidated financial statements, audit risks and results, revenues, liabilities, investments and trends. Furthermore, Mr. Travers spoke to the computer assisted techniques used in audits, performance improvement observations and the department manager's responses to recommendations.

Members of Council raised questions and spoke to the following matters: the breakdown between residential and non-residential tax receivables and why the obligatory reserve funds are considered a liability; receivables and the City's rate for returns; cost and financial liabilities; similarities to other municipalities; cash payout in relation to the City's budget; early retirement benefits; difference between Storm water reserve funds and Storm water reserve; hotel taxes; Business Improvement Areas (BIA); the Enersource contract; and library collection fees.

Mark Beauparlant, Manager, Financial and Treasury Services, noted that information pertaining to residential and non-residential tax receivables is not available and explained that the obligatory reserve funds have to be paid back to the parties that paid. Mr. Beauparlant also spoke to cash and investment balances, liabilities and the annual budget.

Jeff Jackson, Director of Finance and Treasurer spoke to the rates of the City's returns noting that the rates of the City's returns relates to the returns on bonds. Mr. Jackson also spoke to the funding of the reserve funds, vacation pay, liabilities and employee benefits

Gary Kent, Commissioner, Corporate Services and Chief Financial Officer, spoke to the terms of the City's investments, the annual report, employee benefits as it relates to early retirement, Enersource and the Storm water reserve/Storm water reserve funds. Mr. Kent also spoke to the hotel tax noting that funds received is split with the Toronto Tourism Board noting that the funds have not yet been given as Community Services is looking to establish its own local tourism board.

Janice Baker, City Manager and Chief Administrative Officer, spoke to the City's benefits plan as it relates to the City's liabilities noting that employee benefits are reflected in the City's financial statement. Ms. Baker also spoke to the BIA noting that it is their responsibility to manage their own financial affairs.

Paul Mitcham, Commissioner, Community Services, spoke to library fines and the use of collection agencies to collect outstanding fines noting that the collection rate for the outstanding fines is higher than the payout. Mr. Mitcham noted that he will follow up with more information regarding the collection fees and what is being recovered.

RECOMMENDATION

AC-0006-2019

That the deputation from Mark Beauparlant, Manager, Financial and Treasury Services regarding an update of the 2018 Financial Statements, be received.

RECOMMENDATION

AC-0007-2019

That the 2018 External Audit Findings Report dated April 22, 2019 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG for the fiscal year 2018 for the City of Mississauga (City), be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor S. Dasko			X	
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor D. Damerla	X			

Received (3, 0, 2 – Absent)

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

No members of the public requested to speak.

7. **MATTERS CONSIDERED**

7.2. Report dated April 26, 2019 from the Director of Internal Audit: **Final Audit Reports:**

1. **Corporate Services Department, Finance Division, Payroll Section – Non-Union Payroll Audit;**
2. **Community Services Department, Library Services Division, Digital Library Services & Collections Section – Library Acquisitions Audit; and,**
3. **Corporate Services Department, Finance Division, Financial & Treasury Services Section – 2018 Investments Audit.**

1. Non- Union Payroll Audit

Al Steinbach, Director of Internal Audit, gave a brief overview of the Non-Union Payroll Audit. Mr. Steinbach introduced, Amy Truong, Senior Internal Auditor, who spoke to the Non-Union Payroll Audit. Ms. Truong explained the scope, objectives and purpose of the audit noting that the audit focused on the department's adherence to applicable policies and procedures, system access for authorized staff, time reporting, payroll, remittances and benefit related expenses.

Ms. Truong spoke briefly regarding the findings of the audit and noted the following areas for improvement which were the accuracy of payments upon termination of employees, termination of temporary/seasonal employees, administration of other payments and Time and Labour approvals.

As a result of the audit, Ms. Truong outlined that 20 recommendations were made, most were administrative. Management agreed with all of the recommendations and has completed one so far and will be completing 16 by the end of the year and the remaining three within the next year.

Councillor Ras raised a question regarding the termination of employees and why it took so long for the Record of Employment to be issued to former employees. Councillor Starr raised a question regarding who is responsible for the termination/hire paperwork for employees.

Sharon Willock, Director, Human Resources, spoke to the volume of paperwork to hire an employee noting that seasonal/temporary employees are usually rehired at a later date. Ms. Willock noted that the department is currently looking to make the rehiring process less cumbersome and spoke to the employee's direct supervisor being responsible for the paperwork.

2. Library Acquisitions Audit

Al Steinbach, Director of Internal Audit, gave a brief overview of the Library Acquisitions Audit and spoke to the purpose and the main focus for the audit. Mr. Steinbach noted that this was a follow up Audit that was done in 2011 as in 2012 Library services updated their catalogues.

Mr. Steinbach highlighted some areas of improvement which were tracking of library materials, contract extensions and lack of attention to detail. Mr. Steinbach noted that there were seven recommendations made all of which were administrative and all recommendations are to be completed by the end of the year.

Councillor Starr raised a question regarding Library Services treating Canadian and US dollar as the same and exchange rates.

Gary Kent, Commissioner, Corporate Services and Chief Financial Officer, spoke to rate changes as it affects certain contracts.

Connie Mesih, Director, Revenue and Material Management, spoke to the large rate of fluctuation being an issue noting that they are looking to potentially change the Purchasing By-Law to accommodate exchange rates.

3. 2018 Investment Audit

Al Steinbach, Director of Internal Audit, spoke briefly to the 2018 Investment Audit noting that all 50 investments made in 2018 were accounted for, the rates of returns are noted and all audit objectives were met. Mr. Steinbach noted that there were no recommendations made during this audit.

RECOMMENDATION

AC-0008-2019

That the report dated April 26, 2019 from the Director of Internal Audit with respect to final audit reports:

1. Corporate Services Department, Finance Division, Payroll Section – Non-Union Payroll Audit;
2. Community Services Department, Library Services Division, Digital Library Services & Collections Section – Library Acquisitions Audit; and,
3. Corporate Services Department, Finance Division, Financial & Treasury Services Section – 2018 Investments Audit.

be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor S. Dasko			X	
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor D. Damerla	X			

Received (3, 0, 2 – Absent)

- 7.3. Report dated April 22, 2019 from the Commissioner of Corporate Services and Chief Financial Officer: **2018 Audited Financial Statements**

RECOMMENDATION

AC-0009-2019

That the 2018 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 as information

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie			X	
Councillor S. Dasko			X	
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor D. Damerla	X			

Received (3, 0, 2 – Absent)

8. **INQUIRIES** – Nil.
9. **CLOSED SESSION** – Nil.
10. **ADJOURNMENT** – 10:13 AM