
Audit Committee

Date

2019/09/23

Time

9:00 AM

Location

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

Members

Mayor Bonnie Crombie	
Councillor Stephen Dasko	Ward 1
Councillor Karen Ras	Ward 2
Councillor Ron Starr (Chair)	Ward 6
Councillor Dipika Damerla	Ward 7

Contact

Allyson D'Ovidio, Legislative Coordinator, Legislative Services
905-615-3200 ext. 8587
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Find it Online

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

1. **CALL TO ORDER**

2. **APPROVAL OF AGENDA**

3. **DECLARATION OF CONFLICT OF INTEREST**

4. **MINUTES OF PREVIOUS MEETING**

4.1. Audit Committee Draft Minutes - May 6, 2019

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: The 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. Report dated September 12, 2019 from the Information Technology Auditor re: **Final Audit Report: Corporate Services Department, Revenue and Materiel Management Division, Revenue and Taxation Section - Cashiers Operations Audit.**

Recommendation

That the report dated September 12, 2019 from the Information Technology Auditor with respect to final audit report, Corporate Services Department, Revenue and Materiel Management Division, Revenue and Taxation Section – Cashiers Operations Audit, be received for information.

Recommend Receipt

- 7.2. Report dated September 3, 2019 from the City Manager and Chief Administrative Officer re: **Status of Outstanding Audit Recommendations as of June 30, 2019.**

Recommendation

That the report dated September 3, 2019 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of June 30, 2019 be received for information.

Recommend Receipt

8. **ENQUIRIES**

9. **EDUCATION SESSION**

- 9.1. SAP Roadmap Update – Education Session (Helen Chin-Donofrio)

*This will take place in open session in the Council Chamber.

10. **CLOSED SESSION**
(Pursuant to Subsection 239 (2) of the Municipal Act, 2001)

- 10.1. The security of the property of the municipality or local board - Final Audit Report: Corporate Services Department, Information Technology Division, Infrastructure Services Section - IT Hardware Audit.

11. **ADJOURNMENT**

City of Mississauga Minutes



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 Beauparlant, 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

City of Mississauga

Corporate Report



Date: 2019/09/12

To: Chair and Members of Audit Committee

From: Craig Emick, CIA CGAP CISA CISM CRISC
Information Technology Auditor

Originator's files:

Meeting date:
2019/09/23

Subject

Final Audit Report: Corporate Services Department, Revenue and Materiel Management Division, Revenue and Taxation Section - Cashiers Operations Audit

Recommendation

That the report dated September 12, 2019 from the Information Technology Auditor with respect to final audit report, Corporate Services Department, Revenue and Materiel Management Division, Revenue and Taxation Section – Cashiers Operations Audit, be received for information.

Background

In accordance with the Terms of Reference for the Audit Committee (By-law 0069-2015), the Committee is responsible for, “reviewing reports from the Director of Internal Audit identifying audit issues and the steps to resolve them [and] reviewing the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved.”

Comments

Internal Audit has completed finalization of the Corporate Services Department, Revenue and Materiel Management Division, Revenue and Taxation Section – Cashiers Operations Audit.

The audit report is hereby submitted to the Audit Committee for consideration.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

Audit Committee	2019/09/12	2
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Originators files:

Conclusion

The final report for Corporate Services Department, Revenue and Materiel Management Division, Revenue and Taxation Section – Cashiers Operations Audit is now complete and is submitted for consideration by the Audit Committee.

Attachments

Appendix 1: Corporate Services Department, Revenue and Materiel Management Division,
Revenue and Taxation Section - Cashiers Operations Audit



Craig Emick, CIA CGAP CISA CISM CRISC
Information Technology Auditor

Prepared by: Karen Hobbs, Administrative Coordinator

City of Mississauga **Internal Audit Report**

CORPORATE SERVICES DEPARTMENT
REVENUE AND MATERIEL MANAGEMENT DIVISION
REVENUE AND TAXATION SECTION
CASHIERS OPERATIONS AUDIT

September 3, 2019

City Manager's Department
Internal Audit Division

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Appendix A – Summary of Recommendations

**CORPORATE SERVICES DEPARTMENT
REVENUE AND MATERIEL MANAGEMENT DIVISION
REVENUE AND TAXATION SECTION
CASHIERS OPERATIONS AUDIT**

Distribution List

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- Director, Facilities & Property Management
- Director, Revenue & Materiel Management
- Director, Finance & Treasurer
- Director, Information Technology
- Manager, Building Services & Operations
- Manager, Revenue & Taxation
- Manager, Financial and Treasury Services
- Manager, IT Services City Portfolio
- Manager, Project Portfolio & Development

KPMG LLP, Chartered Accountants, External Auditor

**Corporate Services Department
Revenue and Materiel Management Division
Revenue and Taxation Section
Cashiers Operations Audit**

BACKGROUND

The Customer Service – Revenue unit is part of the Revenue and Taxation Section, Revenue and Materiel Management Division, Corporate Services Department. The Customer Service – Revenue unit is supported by twelve (12) full-time non-union staff consisting of one (1) Customer Service Team Leader, six (6) Customer Service Representatives, two (2) Tax Correspondence Associates and three (3) Payment Processing Operators, all reporting to the Customer Service – Revenue Supervisor. Between May and December 2018, seven (7) of the 13 staff members in this unit moved to temporary one-year positions as a result of staff secondments and career opportunities in other areas.

Located on the ground floor of the Civic Centre, Cashiers (formerly known as Cashiers Hall) is a centralized operation that is part of the Customer Service – Revenue unit. It is primarily responsible for assisting customers, ensuring accurate and timely processing, balancing and depositing of payments.

All payments are processed through the Cashiers Point of Sale (POS) system. Cashiers also collects, balances and deposits money received from customers and other departments in person or via the pneumatic tube system. Payments for property taxes are updated in the Tax system (TXM) and transaction information for all other payments (i.e. parking tickets, parking permits, garbage tags, licensing, etc.) are collected on the departments' behalf and the payment information is forwarded to the respective departments to be updated in the appropriate systems. Payments collected on behalf of the Region of Peel (i.e. water bills) are handled and paid by Treasury Services.

Cashiers accepts payments including cash, credit/debit card and cheque/bank draft. In 2018, the Cashiers area processed approximately 34,000 transactions and handled revenues of approximately \$172.8 million. Of the \$172.8 million, approximately \$158.4 million (91.7%) was received in cheques (not including post-dated cheques), cash accounted for approximately \$7.8 million (4.5%) and debit/credit cards accounted for the remainder.

Over the years, there have been a number of audits that touched on individual Cashiers processes, but this is the first comprehensive audit in this area since 2002.

SCOPE

The audit reviewed the adequacy of internal controls over the Cashiers operations including the collection, security, depositing and recording of revenues to ensure transactions are complete, accurate and timely. The audit scope included transactions for the period January 1, 2018 to December 31, 2018.

OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that:

- A) Departmental procedures are clearly and comprehensively documented and comply with applicable City By-laws, Corporate Policies and Procedures and departmental requirements.
- B) There are adequate controls over the collection and voiding/refunding of revenues.
- C) There are adequate controls over the safekeeping of revenues received.
- D) There are proper recording, monitoring and reconciliation procedures for revenues.
- E) There are adequate controls in place for the handling and disclosure of customers' personal information.
- F) Fees for other payments (i.e. parking permits, garbage tags, etc.) are charged in accordance with applicable City By-laws, Corporate Policies and Procedures and good business practices.

SUMMARY OF OBSERVATIONS

Overall, Cashiers has sufficient controls implemented for the recording, monitoring and reconciliation of revenues (Objective D). While there are adequate controls implemented for the collection of revenue, the audit noted that duties were not properly segregated between the collection and reconciliation of revenues; however, this was rectified during the course of the audit (Objective B).

Effective controls are in place for the safekeeping of revenue; however, we noted there were instances where policies and departmental procedures were not followed (Objective C). While departmental procedures have been documented and are aligned with the applicable City By-laws, Corporate Policies and Procedures, staff could benefit from periodic refresher training on process and policy changes (Objective A).

Acceptable controls were in place for the handling and disclosing of customers' personal information; however, the audit noted that some staff had access to systems and areas that was not required to perform their daily duties and responsibilities (Objective E). While fees for payments (i.e. parking permit) are aligned with the current Fees and Charges By-Laws, the system allows payments to be processed for fee categories that are no longer applicable (i.e. sports tickets, souvenirs, etc.) (Objective F).

Although the observations noted in the audit were primarily administrative in nature, these recommendations are opportunities for improvement that would further strengthen existing controls. The observations fall under the following categories: policy review; procedures; training; the pneumatic tube system; contract; and application access.

Policy Review

Cashiers area uses a Point of Sale (POS) machine to accept payments made by debit or credit card. When the handheld POS machine is unavailable due to a temporary power or technology failure, cashiers are unable to accept payments via debit or credit card. When this occurs, the only method of payment accepted is cash or cheque. When an outage occurs, staff report the issue to Information Technology (IT) and post a sign at each wicket informing customers that the handheld POS machine is down.

Corporate Policy and Procedure “Processes for Receipt, Deposit and Refund of Payments” (04-11-13) outlines steps to follow in the event that a credit card has to be processed manually. The audit noted that Management and staff are not following this process as it is not best practice (i.e. PCI compliant). Corporate Finance agreed with Management stating it would make the City non-PCI compliant. We have recommended that the Corporate Policy be reviewed and procedures be established outlining the steps to follow in the event that the handheld POS machine is temporarily unavailable.

Procedures

In the event of a temporary power or technology failure of the Point of Sale application (L-POS), staff should follow the guidelines on how to process all transactions. We were unable to find procedures related to temporary power or technology failure of L-POS. As a result, we have recommended that procedures be established for all staff to consistently follow in the event of an application interruption.

Cashiers processing significant cash transactions routinely remove excess cash from the cash register when a defined threshold is reached. This is referred to as ‘skimming.’ With respect to Cashiers, registers are only skimmed at the staff’s discretion during peak times (i.e. tax due dates). Corporate Policy and Procedure “Processes for Receipt, Deposit and Refund of Payments” (04-11-13) outlines a reasonable amount of cash to be kept in the cash register. The policy contains an exception for Cashiers, and the manager most responsible for cash registers sets a threshold based on the area’s business requirements. To minimize the risk to staff, we have recommended that a Standard Operating Procedure (SOP) be established outlining a reasonable amount of cash to be kept in the cash register and steps to consistently follow once cash exceeds the established amount. The SOP should be reviewed and signed off by the manager on an annual basis.

Staff are required to go to the Safe Room to balance their cash register one at a time, as per the departmental procedure. There is a security camera in the Safe Room to reduce the risk of misappropriation. We have recommended that two (2) people be present in the room during balancing.

Staff are adhering to controls implemented related to the collection and safekeeping of revenues; however, the audit noted instances where procedures were not followed (i.e. ensuring there are two (2) signatures on the shipper slip, locking computers when leaving for an extended period of time, etc.). Management recognizes the importance of adhering to the established policies and procedures and will continue to reinforce them via team meetings and training.

Training

New staff joining the unit are provided in-depth peer-to-peer training by the most senior Customer Service Representative (CSR). The Customer Service – Revenue unit also has departmental procedures documented for staff. Policy and procedure changes are communicated to staff through email and team meetings. Rarely used processes may not be updated and can be forgotten over time. Staff would benefit from having these procedures and processes reviewed at team meetings. We have recommended that refresher training be offered to staff periodically to ensure any process/policy changes are communicated and understood.

The Pneumatic Tube System

The pneumatic tube system is frequently used to process payments from departments/sections located on other floors within City Hall. There are eight (8) pneumatic tubes at Cashiers, each labelled with the department/section name and the floor they are located on. Over the years, departments and sections have moved floors; however, the labels on the pneumatic tubes have not been updated. To avoid confusion, we have recommended that the pneumatic tube labels be updated.

Contract

There are two (2) critical applications used at Cashiers – L-POS and L-BOSS. L-POS is the Point of Sale application. L-BOSS is the reporting/maintenance application that produces daily reports to account for all transactions processed from the previous business day. If L-BOSS is unavailable, staff are unable to balance their cash registers. In addition, revenue collected by all staff from the previous business day cannot be balanced and reconciliation can be delayed. L-POS and L-BOSS applications are supplied by one vendor – Globe P.O.S. Systems. Globe P.O.S. Systems is included as a 'City Standards for IT Systems' procurement which is approved annually by Council. This vendor has never exceeded the low-value threshold amount and we were unable to find a signed contract between the vendor and the City. Given that L-POS and L-BOSS are critical applications for Cashiers, we have recommended that a contract be established for a Point of Sale and reporting application.

Application Access

Access to the L-POS/L-BOSS application is granted to staff who require it to perform their daily duties and responsibilities. We obtained a list of users that did not appear to be up-to-date. We have recommended that access to the system be reviewed periodically (annually) to ensure access is only granted to staff who require it to perform their daily duties and responsibilities. While reviewing the list of users, it appeared that Customer Service Representatives had the same application rights as Management. For example, a Customer Service Representative should only be able to collect revenue and process transactions, whereas a Team Lead or Supervisor has the ability to process refunds/void transactions and change prices to reflect the current fees. We found that staff who collected revenue were also able to change the prices. We recommend that access for staff be assigned based on their position.

L-POS has categories and sub-categories of transactions to process (i.e. Parking Permit – monthly, yearly, daily, etc.). The audit noted that there are some transaction categories listed on L-POS that are no longer applicable. We observed a test transaction successfully being completed by making a payment for an item no longer sold at Cashiers (i.e. purchasing a Blue

Jays ticket). We recommend removing all unnecessary transaction categories from the L-POS system to avoid confusion and accidental use.

It was noted that password change is enforced on L-BOSS, but not enforced on L-POS. We recommend that staff change their password periodically and the vendor be contacted to determine whether the system can enforce a periodic password change.

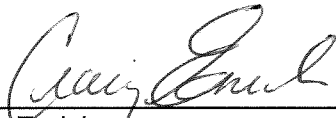
The Customer Service – Revenue unit has established a SharePoint site where departmental procedures are stored. Some sensitive documents are also stored in this SharePoint site. We recommend that all sensitive documents be moved to a secure location accessible only to staff who require it to perform their daily duties and responsibilities.

CONCLUSION

Overall, Cashiers has sufficient controls implemented for the recording, monitoring and reconciliation of revenues. We have made a number of recommendations to further strengthen controls. The recommendations are primarily administrative in nature and are intended to tighten controls and provide clearer guidance to staff on business protocols to mitigate risks to the City.

A total of 24 recommendations resulted from this audit. Eleven (11) recommendations are related to the safeguarding of assets and information, eight (8) are to strengthen operational control and financial reporting, four (4) address compliance with and clarification of corporate requirements and one (1) improves the efficiency and effectiveness of business operations. Details of the audit recommendations and management comments can be found in Appendix A.

Management has agreed to all the recommendations and two (2) were completed during the audit. Three (3) will be completed by September 2019, fourteen (14) by December 2019, and the remaining five (5) by July 2020.



Craig Emick, CIA, CGAP, CISA, CISM, CRISC
Information Technology Auditor

Auditor: Vandana Waghela, PMP
Internal Auditor

**Corporate Services Department
Revenue and Materiel Management Division
Revenue and Taxation Section
Cashiers Operations Audit
Summary of Audit Recommendations**

Page 1 of 3

Rec	Recommendation	Priority (H/M/L)	Comments/Status	Classification
1	That process documentation be enhanced to show the position rather than the individual responsible for each part of the process to ensure role clarity.	H	Agree to update documentation.	Operational Control and Financial Reporting
2	That refresher training (i.e. rare occurrences) be offered to staff periodically to ensure any process/policy changes are communicated and understood.	H	Refresher training will be incorporated into team meetings.	Compliance with and Clarification of Corporate Requirements
3	That training be provided to staff on how to identify counterfeit polymer currency and the procedures to be followed if counterfeit currency is presented or inadvertently accepted.	H	Staff training will be co-ordinated.	Compliance with and Clarification of Corporate Requirements
4	That a Canadian currency counterfeit detector be installed at each wicket and used on a daily basis when accepting large cash payments.	H	The vendor (Marku) will be contacted for a quote and installation of the counterfeit bill scanner will be arranged in advance of interim billing due dates.	Operational Control and Financial Reporting
5	That Corporate Policy be reviewed and procedures be established outlining steps to follow in the event that the pin-pad, Point of Sale system and/or reporting system is unavailable.	H	This policy is currently being reviewed by the Manager, Treasury. Customer Service – Revenue area will support all policy updates and work with Treasury to include updates as necessary.	Compliance with and Clarification of Corporate Requirements
6	That Information Technology work with Materiel Management (MM) and Cashiers staff to put a contract in place for a Point of Sale and reporting system.	H	IT will work with the business area, MM and Legal to put a contract in place for the Point of Sale system.	Safeguarding of Assets and Information
7	That there are two (2) people present when a staff member is counting their cash register, or the Team Lead and/or Supervisor conduct periodic (monthly) surprise cash counts on each register.	H	A process will be established for surprise cash counts.	Operational Control and Financial Reporting
8	That specific position(s) (such as Team Leader, Supervisor, etc.) be delegated to prepare the Revenue Sheet and bank deposit to ensure segregation of duties.	H	Processes have been updated to ensure segregation of duties.	Operational Control and Financial Reporting

**Corporate Services Department
Revenue and Materiel Management Division
Revenue and Taxation Section
Cashiers Operations Audit
Summary of Audit Recommendations**

Page 2 of 3

9	That pneumatic tubes be re-labelled to reflect the correct floor that the Section is on or remove the floor number from the label.	M	Labels will be placed on the tubes to reflect the appropriate location.	Efficiency and Effectiveness
10	That consideration be given to updating the pneumatic tube system schematic drawing when an opportunity arises to do maintenance work to reflect the current state.	H	An assessment of the feasibility and timing to update the pneumatic tube system schematic drawing will be conducted.	Safeguarding of Assets and Information
11	That staff who have not completed the Cash Handling e-Learning Module training complete it immediately.	H	Completed. The two staff members have now completed this training.	Compliance with and Clarification of Corporate Requirements
12	That safe combinations be changed periodically (annually) and when there is a change in personnel.	H	Completed. The safe combination was changed on July 24, 2019 due to staff changes. A process will be established to change the safe combination annually.	Safeguarding of Assets and Information
13	That Management maintain a list of staff that have knowledge of the safe combination and the safe combination be kept in a secure location not accessible by all staff.	H	A list of staff with access will be maintained in the same document as the safe combination. A secure SharePoint site will be created to store this document.	Safeguarding of Assets and Information
14	That a Standard Operating Procedure (SOP) be established outlining a reasonable amount of cash to be kept in the cash register and steps to consistently follow once cash exceeds the established amount. The SOP should be reviewed and signed off annually by the Manager, Customer Service – Revenue.	H	A threshold amount/timeline will be established and the procedure will be updated. Training will be provided to staff once the procedure is updated.	Safeguarding of Assets and Information
15	That staff be reminded that two (2) signatures are required on the 'shipper slip.'	H	A reminder will be provided to staff during team meetings. The 'shipper slip' will be reviewed to ensure there are two signatures.	Operational Control and Financial Reporting
16	That staff change the POS terminal password frequently (i.e. when they are prompted to change the Windows login password).	H	IT will be contacted to determine if a system-generated prompt can be set up on the POS terminal.	Safeguarding of Assets and Information

**Corporate Services Department
Revenue and Materiel Management Division
Revenue and Taxation Section
Cashiers Operations Audit
Summary of Audit Recommendations**

Page 3 of 3

			A reminder will be provided to staff during team meetings.	
17	That access to the Cashiers area is reviewed periodically (annually) to ensure access is only granted to staff who require it to perform their duties.	H	Corporate Security will be contacted annually to provide a listing of who has access to Cashiers. The list will be reviewed and update as required.	Safeguarding of Assets and Information
18	That Management relocate the security camera to an optimal location where all angles of the room are visible and obstruction is limited.	H	Corporate Security will be contacted to re-assess the location of the security camera.	Safeguarding of Assets and Information
19	That the Cashier's Revenue Sheet be updated to reflect the correct General Ledger account for all sources of revenue and methods of payment to ensure accuracy and completeness.	H	Customer Service – Revenue area will work with IT to update the General Ledger account information as it is a programming change to the system.	Operational Control and Financial Reporting
20	That a soft copy of the e-deposited cheques not be saved as a PDF document, or if a soft copy is required, it is kept in a secure location not accessible by all staff.	H	A secure SharePoint site will be created for storing the soft copies. Only the summary will be included in revenue sheet balancing.	Safeguarding of Assets and Information
21	That access to systems (such as L-POS and L-BOSS) is reviewed periodically (annually) to ensure access is only granted to staff who require it to perform their daily duties and responsibilities.	H	Customer Service – Revenue area will work with IT for a listing of access and determine if different roles can be created.	Safeguarding of Assets and Information
22	That staff lock the computer when they leave for an extended period of time (i.e. break or lunch).	H	A reminder will be provided via email and in person during team meetings.	Safeguarding of Assets and Information
23	That access level for staff collecting revenue be limited and the ability to change prices be removed.	H	Will be addressed with Recommendation #21.	Operational Control and Financial Reporting
24	That unnecessary categories be removed from the L-POS system.	H	Will be addressed with Recommendation #21.	Operational Control and Financial Reporting

City of Mississauga

Corporate Report



Date: 2019/09/03

To: Chair and Members of Audit Committee

From: Janice Baker, FCPA, FCA
City Manager and Chief Administrative Officer

Originator's files:

Meeting date:
2019/09/23

Subject

Status of Outstanding Audit Recommendations as of June 30, 2019

Recommendation

That the report dated September 3, 2019 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of June 30, 2019 be received for information.

Background

The terms of reference for the Audit Committee (By-law 0069-2015) requires the submission of an annual report from the City Manager & Chief Administrative Officer indicating progress made in addressing recommendations which were made by Internal Audit and by the City's External Auditor. At the November 2011 Audit Committee meeting, members requested that bi-annual progress updates be submitted. The current report shows the status as of June 30, 2019.

Comments

A summary of recommendations which were outstanding as of September 30, 2018 (the effective date of the previous status report to the Audit Committee) and new recommendations which were scheduled for completion from October 1, 2018 to June 30, 2019 is attached as Appendix 1.

Eleven (11) of the thirty-two (32) recommendations which were previously outstanding have since been completed and implementation of these recommendations has been verified by Internal Audit.

Detailed comments and status for the twenty-one (21) recommendations that have been outstanding for an extended period are attached in Appendix 2. Of these twenty-one (21) recommendations, thirteen (13) involve review and updating of business processes, and three (3) entail documentation of business processes. The remainder of the outstanding recommendations, five (5), relate to enhancements of computer systems which are in progress.

Audit Committee	2019/09/03	2
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Originators files:

Sixty-one (61) new recommendations that were due between October 1, 2018 and June 30, 2019 were added to the list. Forty-eight (48) have been completed and implementation of these recommendations has been verified by Internal Audit. The remaining thirteen (13) recommendations are in various stages of implementation. In addition, one (1) recommendation due after June 30, 2019 has been completed ahead of the scheduled due date.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

Conclusion

In summary, ninety-three (93) recommendations were scheduled for implementation prior to June 30, 2019 (effective date of this report). Eleven (11) of the recommendations that were outstanding from the previous status report and forty-eight (48) with due dates between October 1, 2018 and June 30, 2019 were completed. An additional one (1) recommendation with a due date after June 30, 2019 was completed ahead of schedule. Work continues with implementation of the thirty-four (34) recommendations that were outstanding as at June 30, 2019 and will be closely monitored to ensure timely implementation.

Attachments

- Appendix 1: Status of Outstanding Audit Recommendations as at June 30, 2019
- Appendix 2: Status of Audit Recommendations Outstanding as of September 30, 2018 and Still in Progress as of June 30, 2019



Janice Baker, FCPA, FCA
City Manager and Chief Administrative Officer

Prepared by: Tara Zammit, Senior Internal Auditor

**STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS
AS AT JUNE 30, 2019**

(1) Audit	(2) Date Issued (MM/YY)	(3) Outstanding September 30, 2018 *	(4) New **	(5) Implemented/ Resolved	(6) In Progress June 30, 2019	(7) Due After June 30, 2019 and completed
Mississauga Transit Union Payroll	08/14	1	0	0	1	0
F&PM Current Maintenance Contracts	10/15	2	0	0	2	0
Rental and Lease Agreements	10/15	1	0	1	0	0
Mississauga Sport Zone Cash Handling	01/16	1	0	0	1	0
POA Revenue and Cash Handling	08/16	2	0	2	0	0
F&PM Capital Maintenance Contracts	02/17	2	0	1	1	0
MFES Building and Fleet Maintenance	04/17	3	0	1	2	0
CLASS Facilities Rental	08/17	6	0	1	5	0
Works Operations Payroll	08/17	4	0	1	3	0
MiWay Transit Maintenance	11/17	5	4	5	4	0
Food Services	11/17	5	1	3	3	0
F&PM Capital Projects Contracts Audit	04/18	0	3	3	0	0
Forestry Current Contracts Audit	08/18	0	12	12	0	0
CLASS - Memberships and Registrations Audit	09/18	0	16	9	7	0
Office Supplies Contract Audit	10/18	0	10	9	1	0
Single, Sole Source and Emergency Acquisition Audit	10/18	0	7	6	1	0
Library Acquisitions Audit	04/19	0	1	1	0	1
Non-Union Payroll Audit	04/19	0	4	3	1	0
Street Lighting Program Audit	01/19	0	3	1	2	0
TOTAL		32	61	59	34	1

* This column includes recommendations which were originally scheduled for implementation on or prior to September 30, 2018 (effective date of the previous status report to Audit Committee).

** This column includes recommendations which were originally scheduled for implementation between October 1, 2018 and June 30, 2019 (effective date of the current status report to Audit Committee).

*** This column indicates recommendations which were originally scheduled to be implemented after June 30, 2019 but have already been completed.

STATUS OF AUDIT RECOMMENDATIONS
OUTSTANDING AS OF SEPTEMBER 30, 2018 AND
STILL IN PROGRESS AS OF JUNE 30, 2019

Audit	No. of Recommendations	Comments/Status
Review and Update of Business Processes		
2014 Mississauga Transit Payroll	1	In progress. Hastus application is expected to be implemented by December 31, 2019. The Manager is reviewing current processes and then a procedures manual will be developed.
2016 Mississauga Sport Zone Cash Handling	1	In progress. Finalizing policy. Expected to be completed by end of 2019.
2017 F&PM Capital Maintenance Contracts	1	In progress. Finance is completing a pilot project and is planning to standardize the chargeback process across the organization. The standardization is subject to the approval of the Leadership Team.
2017 MFES Building and Fleet Maintenance	2	In progress. Final copy of Business Continuity Plan for Capital Assets expected to be completed by end of August 2019. IT project expected to be completed end of 2019.
2017 CLASS Facilities Rental	5	In progress. Business processes are being developed.
2017 Food Services	3	In progress. Due to resource pressures, completion of recommendations has been delayed. Continuing to document procedures, expected completion end of 2019.
Business Process Documentation		
2017 MiWay Transit Maintenance	3	In progress. Processes have been developed, verification of documentation was delayed due to staff absence. Expected completion by end of 2019.
Enhancement of Computer System		
2015 F&PM Current Maintenance Contracts	2	In progress. Based on requirements, IT anticipates the project will be completed end of fourth quarter 2019.
2017 Works Operations Payroll	3	In progress. Working with IT to resolve issues entering time with correct job class. Records staff working with Works yards to ensure correct filing system is used.
Total	21	