
Audit Committee

Date

2019/12/02

Time

9:21 AM

Location

Civic Centre, Council Chamber, 2nd Floor,
300 City Centre Drive, Mississauga, Ontario, L5B 3C1

Members Present

Mayor Bonnie Crombie	Arrived at 9:26 AM
Councillor Stephen Dasko	Ward 1
Councillor Karen Ras	Ward 2
Councillor Ron Starr (Chair)	Ward 6

Members Absent

Councillor Dipika Damerla	Ward 7
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Staff Present

Janice Baker, City Manager and Chief Administrative Officer
Geoff Wright, Commissioner, Transportation and Works
Gary Kent, Commissioner, Corporate Services and Chief Financial Officer
Jeff Jackson, Director of Finance and Treasurer
Scott Anderson, Manager, Street Lighting and Projects
Barb Webster, Senior Internal Audit, Internal Audit
Mark Beauparlant, Senior Internal Audit, Internal Audit
Kevin Travers, Partner KPMG LLP
Allyson D'Ovidio, Legislative Coordinator, Legislative Services
Dayna Obaseki, Legislative Coordinator, Legislative Services

Find it online

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

1. **CALL TO ORDER** – 9:21 AM

2. **APPROVAL OF THE AGENDA**

Approved (Councillor Ras)

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

4. **MINUTES OF PREVIOUS MEETING**

4.1. Audit Committee Draft Minutes – September 23, 2019

Approved (Councillor Dasko)

5. **DEPUTATIONS**

5.1. **Kevin Travers, Partner KPMG LLP regarding the 2019 Audit Planning Report**

Mr. Travers provided a brief overview on the 2019 Audit Planning Report highlighting the executive summary, fraud risks, and materiality. Mr. Travers noted that KPMG conducts consolidated group audits as well as single audits. He outlined the two major fraud risks that presumably exist are revenue recognition and management override controls. KPMG has designed procedures to mitigate these fraud risks to low levels and will be report back to the Audit Committee. Mr. Travers also noted the slight deduction in the materiality levels from the previous year as well as outlined the Audit Misstatement Posting Threshold (AMPT).

Chair Starr inquired what changes may occur with respect to handling audits from a digital advancement perspective. Mr. Travers responded by noting the current developments are utilizing automated systems for review and artificial drones to count inventory.

RECOMMENDATION

AC-0014-2019

That the deputation by Kevin Travers, Partner, KPMG LLP regarding the 2019 Audit Planning Report be received.

Received (Councillor Ras)

Mayor Crombie arrived at the meeting at 9:26 AM during Item 5.1.

5.2. Scott Anderson, Manager, Street Lighting & Projects to provide a Street Lighting Update

Mr. Anderson provided an update on the Street Lighting Program outlining the background, the 2018 Internal Audit Scope and the status of the 13 Recommendations. A pilot project was conducted in 2011 to demonstrate the energy savings of converting HPS (High Pressure Sodium) to LED (Light Emitting Diode) technology. The City's conversion began in 2012 and continued until 2018. As a result of the Streetlight Program Audit in 2018 – 13 recommendations were established.

Members of the Committee spoke to the matter and raised the following questions and concerns:

- The number of lights that always remain on/lit;
- The process for lights that are always off;
- Potential options;
- The length of the Diminoff contract;
- Types of contracts;
- The replacement backlog;
- Comparison between the previous and current system;
- Risk management associated with the location of the lights;
- Requested a Statistical Analysis Report on which lights are on and which are off; and
- Requested communication material for residents.

Mr. Anderson and Geoff Wright, Commissioner, Transportation and Works responded to questions from the Members of the Committee:

- Approximately 2500 (5% of) lights always remain on.
- Alectra has ten (10) days to respond to a light that is out by assessing whether it is a technical or operational issue. Depending on the assessment outcome will determine the solution timeline.
- The City of Mississauga has a steering committee that involves a number of staff from a variety of departments analyzing the current system feasibility. The City is currently working on a business case to be brought back to the Audit Committee in 2020.
- There are seven (7) years remaining with the Diminoff contract.
- The type of contracts are standard from a procurement perspective, however the focus is needed on the vendor, the technology, and the evaluation process.
- The current backlog is approximately 2500 lights that require replacement and/or assessment, the City's goal is to close the gap in 2020.
- The previous lighting system was simple, since it operated on fixed turned on and turned off times. The current system is more technologically advanced that operates in real time lighting based on the sunlight, which contributes to energy savings.
- There is a street light design that positions lighting in designated locations, which helps mitigates the risk management.

Direction to staff was given to provide a Statistical Analysis Report outlining the street lights that always remain on and that always remain off.

Direction to staff was given to create a written communication summary for the residents.

RECOMMENDATION

AC-0015-2019

That the deputation by Scott Anderson, Manager Street Lighting & Projects with respect to the Street Lighting Update be received.

Received (Councillor Ras)

6. PUBLIC QUESTION PERIOD – 15 Minute Limit

No members of the public requested to speak.

7. MATTERS CONSIDERED

7.1. Report dated November 19, 2019 from the Commissioner of Corporate Services and Chief Financial Officer re: 2019 Audit Plan

Gary Kent, Commissioner, Corporate Services and Chief Financial Officer noted this is the first year that the LAC (Living Arts Centre) has been consolidated into the City of Mississauga's financial statements.

No further discussion took place under this item.

RECOMMENDATION

AC-0016-2019

That the report dated November 19, 2019 from the Commissioner of Corporate Services and Chief Financial Officer titled "2019 Audit Plan", 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 (Councillor Dasko) (4, 0, 1 – Absent)

7.2. Report dated November 19, 2019 from the Information Technology Auditor re: Final Audit Reports

Barb Webster, Senior Internal Audit, Internal Audit presented on the Traffic Signals and Systems Program Audit. The focus of this audit was on business processes, compliance with contracts/agreements, payments and third party recoveries, inventory safeguarding, and energy management monitoring, as well as compliance with Provincial regulations, industry standards and applicable By-laws, Corporate Policies and Procedures. In total, the audit has resulted in twenty-four (24) recommendations and management has agreed to all of them. Eleven (11) recommendations are made regarding compliance with and clarification of corporate requirements, eight (8) recommendations are put forward to strengthen operational control and financial reporting, two (2) recommendations relate to improving the efficiency and effectiveness of business operations and three (3) relate to the safeguarding of assets and information. Eight (8) recommendations were completed during the audit, three (3) are scheduled for completion by the end of December 2019, eight (8) of the recommendations will be completed by March 31, 2020, four (4) by December 31, 2020 and one (1) date is yet to be determined as it necessitates discussion with staff in Energy Management to determine the scope of work required.

Members of the Committee spoke to the matter and raised the following questions and concerns:

- The increase in storage cost/rental space;
- The type of savings associated with the Tri-Party agreements;
- Whether the traffic system will be incorporated into the agreement with the GTAA (Greater Toronto Airport Authority);
- Data collection from Bluetooth technology;
- Whether the data collection is aggregated;
- Potential risk of privacy issues surrounding the collection;
- The lighting and sequencing systems capability; and
- The development requirement for synchronization – the management aspects and the amount.

Ms. Webster and Geoff Wright, Commissioner, Transportation and Works, Gary Kent, Commissioner, Corporate Services and Chief Financial Officer, and Janice Baker, City Manager and Chief Administrative Officer responded to questions from the Members of the Committee:

- The increase in storage cost and rental spaces are based on the general annual increase rates.
- The locates in tri-party agreements are all different rates depending on the locations, the emergency locates now have control pricing.
- The traffic system will not be included in the GTAA agreement.
- If an individual's Bluetooth technology is turned on the traffic system tracks the MAC (Media Access Control) address, however the server scrambles the data being collected.
- The data collected is aggregated as part of the pilot project that tracks the timestamp of check in and check out times, speed and distance to provide real time updates.

- A privacy assessment is recommended based on the data the City's servers are collected.
- The ATMS (Advanced Traffic Management System) controls the lightning and sequencing.
- The synchronization requirement for developers is outlined in the price through procurement, executed through the contract, and recovered from the developer.

Direction to staff was given that a Privacy Assessment should be conducted by Legislative Services/Clerks.

Mark Beauparlant, Senior Internal Audit, Internal Audit presented on the Stormwater Revenue Audit. The Stormwater Charge Program has sufficient controls implemented for the recording, monitoring and reconciliation of revenues. The program has evolved and grown over the past three years; we have made a number of recommendations to further strengthen the existing controls and processes, and are recommending some new controls. The recommendations are primarily administrative in nature and are intended to improve management oversight, strengthen processes, and provide clearer guidance to staff on business protocols and procedures to mitigate risks to the City. A total of 40 recommendations resulted from this audit. Seventeen (17) recommendations related to operational control and financial reporting, five (5) address compliance with and clarification of corporate requirements, three (3) improve safeguarding of assets and information, and fifteen (15) enhance efficiency and effectiveness. Management has agreed to all the recommendations and four (4) were completed during the audit. Three (3) recommendations will be completed by December 31, 2019, sixteen (16) by March 31, 2020, seven (7) by June 30, 2020, one (1) by September 30, 2020 and the remaining nine (9) by December 31, 2020.

Members of the Committee spoke to the matter and raised the following questions and concerns:

- Write offs amounts;
- The allocated interest with the Stormwater Capital Reserve Fund;
- How the access list is managed;
- Arrears; and
- The service level agreement with the Region of Peel and who approves the agreement.

Mr. Beauparlant and Geoff Wright, Commissioner, Transportation and Works, Gary Kent, Commissioner, Corporate Services and Chief Financial Officer, and Janice Baker, City Manager and Chief Administrative Officer responded to questions from the Members of the Committee:

- The write off amount is \$25 in the \$12,000 to \$15,000 range; usually this amount is associated with properties that have transferred ownership. The amounts in the middle of the \$25 to \$75 range; the City conducts some collection processes. Amounts over \$75 are sent out as notices and then added to the tax roll, if payment is not received.
- The City is going through a review of all the reserve funds. The potential interest that could be earned through these high volume reserves fund may be between \$400,000 to \$700,000. There are several reserves from different sources, that

money is invested as a whole and the interest is given back as a whole and then the interest is allocated to the appropriate reserves.

- Managing and maintaining the security associated with the access lists is the business units' responsibility. The challenge becomes this is not always up to date and may need to be a Human Resource's responsibility. There are current new systems in place for employee transfers in the City, are being managed by Human Resources and Information Technology.
- There is an appeal program and any uncollected debt will be added to the tax roll. The collection rate is quite high.
- The service level agreement with the Region of Peel was signed in 2016 and currently being reviewed. Council approves all agreements and any major changes to pre-existing agreements.

RECOMMENDATION

AC-0017-2019

That the report dated November 19, 2019 from the Information Technology Auditor with respect to final audit reports:

1. Transportation & Works Department, Traffic Management and Municipal Parking Division – Traffic Signals and Systems Program Audit; and,
2. Transportation & Works Department, Infrastructure Planning & Engineering Services Division – Stormwater Revenue 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 (Mayor Crombie) (4, 0, 1 – Absent)

8. **ENQUIRIES** – Nil.
9. **CLOSED SESSION** – Nil.
10. **ADJOURNMENT** – 10:41AM (Councillor Ras)