



MINUTES

AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

www.mississauga.ca

MONDAY, NOVEMBER 23, 2009

COMMITTEE ROOM 2 A & B

– SECOND FLOOR, CIVIC CENTRE, OFFICE TOWER

300 CITY CENTRE DRIVE, MISSISSAUGA, ONTARIO L5B 3C1

Members Present:

Councillor Carmen Corbasson, Ward 1

Councillor Pat Mullin, Ward 2 (Chair)

Councillor Nando Iannicca, Ward 7 (arr. 9.20 a.m.)

Mayor Hazel McCallion, (*ex officio*)

Staff Present:

Janice Baker, City Manager and Chief Administrative Officer

Brenda R. Breault, Commissioner, Corporate Services and Treasurer

Paul Mitcham, Commissioner, Community Services

Joe Pitushka, Director, Transportation and Works

Sally Eng, Director, Internal Audit

Jeff Jackson, Director, Revenue and Materiel Management

Patti Elliott-Spencer, Director, Finance

Mark Beauparlant, Manager, Financial Services

Connie Mesih, Manager, Property Tax and Assessment

John Lohuis, Director, Community Services

Mary Ann Hipgrave, Senior Internal Auditor

Al Steinbach, Senior Internal Auditor

Kevin Nutley, Manager, Realty Division

Stu Taylor, District Manager, Parks and Recreation Division

Ken Owen, Director, Facilities and Properties Management

Craig Emick, Information Technology Auditor

Shalini Alleluia, Legislative Coordinator, Office of the City Clerk

Others Present

Kevin Travers, Associate Partner, KPMG

INDEX - AUDIT COMMITTEE – NOVEMBER 23, 2009

CALL TO ORDER

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST

MINUTES OF PREVIOUS MEETING

- (a) Minutes of Previous Meeting – October 21, 2009

PRESENTATIONS/DEPUTATIONS

MATTERS TO BE CONSIDERED

1. Status of Audit Recommendations
2. 2009 Statutory Audit Letter of Engagement and 2009 Audit Planning Report
3. Accounts Receivable Invoicing & Collection Policy
4. Final Audit Reports: Transportation & Works Department, Engineering & Works Division – Capital Works Contracts Audit and Community Services Department, Recreation & Parks Division – Program Registration and Membership Revenue Audit

CLOSED SESSION

(Pursuant to Subsection 239(2) of the *Municipal Act, 2001*, as amended)
Security of Property – Updated Status – Review of Outstanding Utility Matters of Leases and Licenses of City-owned Property administered by Realty Services

DATE OF NEXT MEETING: March 8, 2010 @ 9:00 a.m., Committee Room “B”

ADJOURNMENT

CALL TO ORDER – 9:00 a.m.

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST - Nil

MINUTES OF PREVIOUS MEETING

- a) Minutes of the Audit Committee meeting held on October 21, 2009

Approved as Presented

Recommendation AC-0019-2009 (Councillor C. Corbasson)

MG.24.Audit

PRESENTATIONS/DEPUTATIONS

MATTERS TO BE CONSIDERED

1. Status of Audit Recommendations

The Corporate Report dated November 13, 2009 from the City Manager & Chief Administrative Officer in regards to the status of Audit Recommendations.

RECOMMENDATION

That the report dated November 13, 2009 from the City Manager & Chief Administrative Officer regarding the status of audit recommendations be received for information.

Sally Eng, Director of Internal Audit spoke to the Corporate Report and advised that good progress had been made and those recommendations that have not been implemented are expected to be addressed within the revised timelines. She also advised that progress was being monitored to ensure implementation.

Received

Recommendation AC-0020-2009 (Councillor C. Corbasson)

CA.15

2. 2009 Statutory Audit Letter of Engagement and 2009 Audit Planning Report

The Corporate Report dated October 20, 2009 from the Commissioner of Corporate Services & Treasurer in regards to the 2009 Statutory Audit Letter of Engagement and 2009 Audit Planning Report.

RECOMMENDATION

1. That the report dated October 20, 2009 from the Commissioner of Corporate Services & Treasurer with respect to the 2009 Statutory Audit Letter of Engagement and the 2009 Audit Planning Report, be received for information.
2. That the Audit Committee approve the letter of engagement for the City's 2009 statutory audit, attached as Appendix 1 to this report.
3. That the Audit Committee approve the audit planning report for the City's 2009 statutory audit, attached as Appendix 2 to this report.
4. That the Chair of the Audit Committee and City Manager sign and execute the letter of engagement on behalf of the City.

Brenda Breault, Commissioner, introduced the Corporate Report indicating that the letter of engagement for the City's 2009 statutory audit was a standard letter recommending the reappointment of KPMG, Chartered Accountants, to conduct the 2009 external audit. Also, this will be the first year that Municipalities will be required to provide information with respect to Tangible Capital Assets and this information is expected to be brought to an Audit Committee meeting in the Spring of 2010.

Kevin Travers, Associate Partner, KPMG, spoke to the attachments to the report. He indicated that the letter of engagement included an overview of the Audit Plan for Committee's review and consideration. He referred Committee to Page 2(o) of the agenda to explain what had changed from the last year including the need to report on Tangible Capital Assets. He also explained the overall planned audit process and information that will be included in the 2009 Financial Statement.

Approved

Recommendation AC-0021-2009 (Councillor C. Corbasson)

CA.25

3. Accounts Receivable Invoicing & Collection Policy

The Corporate Report dated November 12, 2009 from the Commissioner of Corporate Services & Treasurer in regards to the Accounts Receivable Invoicing & Collection Policy.

RECOMMENDATION

That the revisions to Corporate Policy and Procedure No. 04-07-02, Accounts Receivable Invoicing and Collection, as outlined in the report dated November 12, 2009 from the Commissioner of Corporate Services and Treasurer be approved.

Brenda Breault, Commissioner, Corporate Services and Treasurer, introduced this report indicating that it had been circulated through the various departments. She explained that staff in the Revenue and Materiel Management Division had made a number of process changes with respect to Accounts Receivable Invoicing and Collections based on best practices as well as in response to Internal Audit recommendations. Additional controls and more detailed procedures have been put in place and roles and responsibilities are more clearly defined. These controls should achieve consistent and timely invoicing and collection processes with role clarity between the Collections Section and client departments.

Councillor Carmen Corbasson requested clarification with respect to the attempts made to collect from delinquent accounts. Brenda Breault explained that if the department cannot collect, then the account is transferred to a Collection Agency after 90 days. The Councillor felt that this time limit was too long.

Janice Baker assured members of council that changes were being made to have consistent practices across the departments and hope to achieve this for 2010. She also noted that centralizing this work may not be feasible but implementing common practices across the City was definitely an objective for 2010.

Approved

Recommendation AC-0022-2009 (Councillor C. Corbasson)

CA.24.ACC

4. Final Audit Reports: Transportation & Works Department, Engineering & Works Division – Capital Works Contracts Audit and Community Services Department, Recreation & Parks Division – Program Registration and Membership Revenue Audit

The Corporate Report dated November 17, 2009 from the Director of Internal Audit in regards to the Final Audit Reports: Transportation & Works Department, Engineering & Works Division – Capital Works Contracts Audit and Community Services Department, Recreation & Parks Division – Program Registration and Membership Revenue Audit.

RECOMMENDATION

That the report dated November 17, 2009 from the Director of Internal Audit with respect to final audit reports, Transportation & Works Department, Engineering & Works Division – Capital Works Contracts Audit and Community Services Department, Recreation & Parks Division – Program Registration and Membership Revenue Audit be received for information.

Al Steinbach, Senior Internal Auditor explained the Capital Works Contracts Audit report. He indicated that much progress has been made with respect to documentation relating to contracts, etc. nevertheless, there were 11 recommendations that could be implemented to further strengthen the control environment and these are identified in the Internal Audit Report distributed with the Agenda. He noted that a previous audit was performed in 2003 with several recommendations. The current audit also included a review to see if those recommendations were working as intended.

Councillor Pat Mullin requested clarification on several sections of above Audit report relating to the approval process for Purchase Orders, Third Party Review and Verification, and Accounting and Posting of Engineering Fees. Explanation of current processes and the Audit staff recommendations were provided.

Councillor Nando Iannicca joined the meeting at this time.

Mayor Hazel McCallion requested confirmation that there was enough staff to manage the Infrastructure projects as errors in this area could be costly. Janice Baker responded that additional funding in the amount of \$2.8 million has been requested in the 2010 budget, as there are costs that cannot be charged back to the ISF account. She also noted that the number of ISF projects the City has committed to were significant and onerous; and need to be overseen by staff and should not be outsourced.

With the use of a PowerPoint presentation, Mary Ann Hipgrave, Senior Internal Auditor, explained the Recreation & Parks Division Program Registration and Membership Revenue Audit report. She advised that fees are annually established by by-law. Ms. Hipgrave explained some of the recommendations of the previous audit completed in 2002 and the scope and observations of the current audit, adding that the current audit found that cash handling procedures were strong and business processes were documented.

Ms. Hipgrave commented on the observations in her review of the Program Registration and Membership Revenue processes, including the complexities observed with respect to the fee structure. She also advised the Committee that since the 2002 audit, there have been upgrades to the system. Ms. Hipgrave reported that 27 recommendations have been made in the current audit and 14 of them will be implemented before the end of the year. The remaining recommendations will be completed in 2010.

Mayor Hazel McCallion noted the progress made by the department and acknowledged the complexities that staff have to deal with.

Received

Recommendation AC-0023-2009 (Mayor Hazel McCallion)

CA.15

CLOSED SESSION – 9:45 A.M.

(Pursuant to Subsection 239(2) of the *Municipal Act, 2001*, as amended)
Security of Property – Updated Status – Review of Outstanding Utility Matters of Leases and Licenses of City-owned Property administered by Realty Services

Since only one section of the In Camera Report was considered confidential, the Audit Committee agreed to discuss the report in open section with the exception of the matter relating to the Mississauga Shrine Club.

Brenda Beault, Commissioner, Corporate Services advised that staff from the Realty Division were working with the BIAs with respect to their leases. She explained that in the future, utilities will be included in the rent as utility bills were an area of concern.

At 9:50 A.M. Committee moved in Camera to deal with the confidential segment of the In Camera Report with respect to the lease arrangements and outstanding utilities of the Mississauga Shrine Club. Ken Owen, Director, Facilities and Properties Management, and Kevin Nutley, Manager, Realty Division spoke to the matter and explained the current status of their negotiations with the group and advised that they would report back as soon as these were complete (early 2010).

The Audit Committee did not formally move out of Closed Session into Open Session to adopt the staff recommendation; hence this recommendation was referred to Council (Resolution 0278-2009/November 25, 2009).

Resolution 0278-2009

MG.24/ CS.09.Cit

DATE OF NEXT MEETING : March 8, 2010 @ 9:00 a.m., Committee Room “B”

ADJOURNMENT – 10.00 A.M.

REPORT 4– 2009

TO: THE MAYOR AND MEMBERS OF COUNCIL

The Audit Committee presents its fourth report of 2009 and recommends:

AC-0019-2009

That the minutes of the Audit Committee meeting held on October 21, 2009, be approved as presented.

MG.24

AC-0020-2009

That the report dated November 13, 2009 from the City Manager & Chief Administrative Officer regarding the status of audit recommendations be received for information.

CA.15

AC-0021-2009

1. That the report dated October 20, 2009 from the Commissioner of Corporate Services & Treasurer with respect to the 2009 Statutory Audit Letter of Engagement and the 2009 Audit Planning Report, be received for information.

2. That the Audit Committee approve the letter of engagement for the City's 2009 statutory audit, attached as Appendix 1 to this report.

3. That the Audit Committee approve the audit planning report for the City's 2009 statutory audit, attached as Appendix 2 to this report.

4. That the Chair of the Audit Committee and City Manager sign and execute the letter of engagement on behalf of the City.

CA.25

AC-0022-2009

That the revisions to Corporate Policy and Procedure No. 04-07-02, Accounts Receivable Invoicing and Collection, as outlined in the report dated November 12, 2009 from the Commissioner of Corporate Services and Treasurer be approved.

CA.24.ACC

AC-0023-2009

That the report dated November 17, 2009 from the Director of Internal Audit with respect to final audit reports, Transportation & Works Department, Engineering & Works Division – Capital Works Contracts Audit and Community Services Department, Recreation & Parks Division – Program Registration and Membership Revenue Audit be received for information.

CA.15



RESOLUTION 0278-2009
adopted by the Council of
The Corporation of the City of Mississauga
at its meeting on November 25, 2009

Moved by: P. Mullin

Seconded by: C. Corbasson

Whereas the Audit Committee held its meeting on November 23, 2009 and dealt with an In Camera Report with respect to the Review of Outstanding Utility Matters of Leases and Licenses of City-owned Property Administration by Realty Services, And Whereas, Audit Committee failed to move into Open Session after going In Camera to adopt the staff recommendation with respect to the above matter,

Therefore, be it resolved that the report dated November 16, 2009 from the Commissioner of Corporate Services and Treasurer entitled Updated Status – Review of Outstanding Utility Matters of Leases and Licenses of City-owned Property Administered by Realty Services, be received for information

Carried
MG.24/ CS.09.Cit