



# MINUTES

---

## AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

[www.mississauga.ca](http://www.mississauga.ca)

**WEDNESDAY, OCTOBER 21, 2009**

**COMMITTEE ROOM "A" – SECOND FLOOR, CIVIC CENTRE  
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

Mayor Hazel McCallion (*ex-officio*)

**Staff Present**

Janice Baker, City Manager and Chief Administrative Officer

Brenda R. Breault, Commissioner of Corporate Services and Treasurer

Martin Powell, Commissioner of Transportation and Works

Sally Eng, Director, Internal Audit

Robin Uba, Audit Associate

Jeff Jackson, Director, Revenue and Materiel Management

Geoff Marinoff, Director, Transit

Keith Kamino, Senior Internal Auditor

Patti Elliott-Spencer, Director, Finance

Mark Beauparlant, Manager, Financial Services

Connie Mesih, Manager Property Tax and Assessment

Shalini Alleluia, Legislative Coordinator, Office of the City Clerk

Marianne Ruffolo, Legislative Coordinator, Office of the City Clerk

**Others Present**

Kevin Travers, Associate Partner, KPMG

---

AUDIT COMMITTEE – OCTOBER 21, 2009

CALL TO ORDER – 1:00 pm

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST - Nil

MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting held on May 11, 2009

Approved as presented

Recommendation AC-0014-2009 (Councillor Iannicca)

MG.24

MATTERS CONSIDERED

1. Final Audit Reports: Transportation & Works Department – Transit Division, Transit Maintenance Contracts Audit and Corporate Services Department – Revenue & Materiel Management Division, Miscellaneous Accounts Receivable Audit

Corporate report dated September 23, 2009 from the Director, Internal Audit with respect to the final audit reports concerning Transportation & Works Department – Transit Division, Transit Maintenance Contracts Audit and Corporate Services Department – Revenue & Materiel Management Division, Miscellaneous Accounts Receivable Audit.

Keith Kamino, Senior Internal Auditor provided a PowerPoint overview of the background, key objectives and observations of the Transit Division / Transit Maintenance Contracts Audit. This is the first audit of the Maintenance section of the Transit Division.

As at December 2008 approximately 130 contracts were administered by the Maintenance Section which included parts, supplies, and sublet services. Overall staff are experienced and knowledgeable, original contract documents were properly authorized and charges were proper and reasonable. However, the audit identified that a lack of written procedures exists with respect to the overall management of contracts.

Key observations were identified within five major areas - Payment, Documentation, Warranty, Insurance and the Purchasing By-law. Mr. Kamino reported that a review and implementation of written procedures will improve the process and ensure appropriate safeguard measures are put into practice.

Mr. Kamino advised that ten key recommendations have been identified and categorized under the Audit as, Operational Control and Financial Reporting; Compliance with and the Clarification of Corporate Requirements, and Efficiency and Effectiveness.

Management are in support of all ten recommendations, and report that three recommendations have been completed with the balance being completed by June 2010.

Mayor McCallion expressed concern on the results of the Audit and the lack of existing written procedures. Mayor McCallion suggested that written procedures be implemented as quickly as possible to ensure adherence to process.

Councillor Iannicca was concerned that some of the issues identified, such as increasing Contracts without obtaining Council approval as required per the Purchasing By-law, is a matter of compliance rather than a lack of policy.

Martin Powell, Commissioner of Transportation and Works explained the challenges faced by staff over the past year due to the Superintendent position vacancy and assured that staff remains committed to maintaining the safe operation of transit vehicles. The Committee was assured that action will be taken in those areas identified by the Audit.

Mr. Kamino advised that when sublet work is initiated, only a verbal estimate is obtained from the contractor. There are some procedures in place for warranty claims submitted to bus manufacturers, however no other written procedures relating to contract management.

Councillor Iannicca stressed the need to follow standard business practices and ensure proper written documentation was in place. Written documentation for estimate charges must be obtained and then available to compare with the actual amounts invoiced. Mr. Kamino reported that written procedures will help in defining staff roles and responsibilities involved in managing contracts. This will include the requirement for proper documentation, written estimates, and the ability to reconcile and match estimates with invoices.

Robin Uba, Audit Associate presented an update to the Accounts Receivable Collections Audit and reviewed the Miscellaneous Accounts Receivable Audit.- Ms. Uba reported that very good progress has been made on the Accounts Receivable Collection Audit. Of the fifteen recommendations identified, ten have been fully implemented, with three currently underway and scheduled to be presented at the November 2009 Audit Committee meeting.

Ms. Uba described the business process for the Miscellaneous Accounts Receivable Audit and reviewed the findings in each area along with the subsequent management response. The scope of this Audit starts with the originating department process and flows through to the disposition of the invoice. Requests for Invoices were properly prepared, supported, and approved in a timely manner with the exception of the Motor Vehicle Accidents process. Transportation and Works and Community Services have agreed to jointly review the Motor Vehicle Accident process.

In addition, significant improvements have been made regarding the timing and consistency in issuing invoices, and following up with 30 day, 60 day, and final notices. Currently, there are three By-laws that allow the addition of outstanding amounts to the property tax account; however, any changes in property ownership during the waiting

---

period prevents the addition to the tax account. Once an ownership change is processed any outstanding amounts must be forwarded to the collection agency. Management response is for the Collections section to coordinate a review of the By-laws to determine feasibility of adding amount to the property taxes as soon as possible.

Ms. Uba reported that collection agencies are paid a percentage based on the amount collected. If the agency does not collect any money on the account, no payments are made by the City to the agency. During the RFP process, all bidding agencies supplied copies of their provincial operating licenses. These copies have since expired. There is a risk to City's reputation if dealing with an agency whose license has been revoked. Management response has included outstanding accounts reconciliation at each agency and the removal of accounts from previous agencies. In addition, implementing new account issuing and recall procedures to maintain update agency licences.

Cheques and cash payments are handled by cashiers on the 1st floor and post dated cheques are securely stored in a vault. Staff are performing well in this area. It was found that there is a proper segregation of duties in processing payments with accounts being reconciled every month.

Ms. Uba advised that a common reason for cancelling an invoice was due to errors in the GST and PST. It was identified that Accounts Receivable staff currently have no method of verifying the authorizing signature. It was found that in general, contrary to the requirements in the Invoicing Policy, the individuals who approve the original requests for invoice are also approving the requests for cancellations. There should be a third person involved in the cancellation request. Management response has been to prepare common GST/PST list similar to Accounts Payable. A sample signature list similar to Accounts Payable will be compiled and enforced. Staff roles and responsibilities have been clarified in the draft Invoicing Policy.

#### RECOMMENDATION

That the report dated September 23, 2009 from the Director of Internal Audit with respect to final audit reports, Transportation & Works Department – Transit Division, Transit Maintenance Contracts Audit and Corporate Services Department – Revenue & Materiel Management Division, Miscellaneous Accounts Receivable Audit be received for information.

#### RECEIVED

Recommendation AC-0015-2009 (Councillor Iannicca)  
CA.25

## 2. 2009 Internal Audit Work Plan Status Report

Councillor Corbasson advised that at the May Audit Committee meeting the concern was raised regarding the charging of utilities to certain groups which have entered into lease agreements with the City, citing the example of the Port Credit BIA

---

Janice Baker, City Manager, reported that a review has been conducted to address how leases are structured. A report will be brought forward to the November 2009 Audit Committee Meeting.

RECOMMENDATION

That the report dated September 18, 2009 from the Director, Internal Audit, with respect to the status of the 2009 Internal Audit Work Plan be received for information.

RECEIVED

Recommendation AC-0016-2009 (Mayor McCallion)  
CA.15

3. Meeting Dates for 2010

RECOMMENDATION

That the proposed dates for the 2010 Audit Committee Meetings be received, with a request to reschedule the November 2010 Audit Committee Meeting date.

APPROVED

Recommendation AC-0017-2009 (Councillor Corbasson)  
MG.24

CORRESPONDENCE

4. E-mail dated September 27, 2009 from Ursula Keuper Bennett with respect to Corporate Security.

RECOMMENDATION:

That the e-mail dated September 27, 2009 from Ursula Keuper Bennett with respect to Corporate Security be received.

RECEIVED

Recommendation AC-0018-2009 (Councillor Iannicca)  
PR.09

DATE OF NEXT MEETING

5. November 23, 2009 at 9:00 a.m., Committee Room "B"

ADJOURNMENT - 1:50 pm