



MINUTES

AUDIT COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

<http://www.mississauga.ca>

MONDAY, MAY 10, 2010 – 9:00 A.M.

**COUNCIL CHAMBERS – SECOND FLOOR, CIVIC CENTRE
300 CITY CENTRE DRIVE, MISSISSAUGA, ONTARIO L5B 3C1**

Members Present

Councillor Sue McFadden, Ward 10

Councillor George Carlson, Ward 11 (Chair)

Mayor Hazel McCallion (*ex-officio*)

Members Absent

Councillor Carolyn Parrish, Ward 6

Staff Present

Janice Baker, City Manager and Chief Administrative Officer

Brenda R. Breault, Commissioner of Corporate Services and Treasurer

Patti Spencer-Elliott, Director, Finance

Laura Piette, Acting Commissioner of Community Services

Sally Eng, Director, Internal Audit

Al Steinbach, Senior Internal Auditor, Internal Audit

Keith Kamino, Senior Internal Auditor, Internal Audit

Mark Beauparlant, Manager, Financial Services, Finance Division

Stefan Szczepanski, Acting Manager, Park Development

Shalini Alleluia, Legislative Coordinator, Office of the City Clerk

Others Present

Kevin Travers, Associate Partner, KPMG

INDEX - AUDIT COMMITTEE – MAY 10, 2010

CALL TO ORDER

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST

PRESENTATIONS/DEPUTATIONS

MINUTES OF PREVIOUS MEETING

MATTERS CONSIDERED

1. Final Audit Reports: Community Services Department, Planning, Development & Business Services Division – Park Development Contracts Audit and Corporate Services Department, Finance Division – Reimbursement of Expenses Audit
2. Internal Audit Work Plan for 2010 to 2012
3. 2009 Audited Financial Statements
4. 2009 External Audit Findings and Recommendations
5. Date of Next Meeting: September 27, 2010 at 9:00 a.m., Council Chambers

ADJOURNMENT

CALL TO ORDER – 9:05 A.M.

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST –Nil

PRESENTATIONS/DEPUTATIONS - Nil

MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting held on March 8, 2010

Approved

Recommendation AC-0006-2010 (Councillor S. McFadden)

MG.24.Audit

MATTERS CONSIDERED

1. Final Audit Reports: Community Services Department, Planning, Development & Business Services Division – Park Development Contracts Audit and Corporate Services Department, Finance Division – Reimbursement of Expenses Audit

Corporate Report dated April 26, 2010 from the Director of Internal Audit, with respect to the Final Audit Reports: Community Services Department, Planning, Development & Business Services Division – Park Development Contracts Audit and Corporate Services Department, Finance Division – Reimbursement of Expenses Audit

RECOMMENDATION:

That the report dated April 26, 2010 from the Director of Internal Audit with respect to final audit reports, Community Services Department, Planning, Development & Business Services Division – Park Development Contracts Audit and Corporate Services Department, Finance Division – Reimbursement of Expenses Audit be received for information

Al Steinbach, Senior Internal Auditor spoke to the Park Development Contracts Audit, the current processes and the findings. He also explained the 6 recommendations that they have made to address the findings. Mr. Steinbach pointed out that staff are reminded to ensure that proper funding is in place prior to entering into a purchase commitment. Also, he noted that currently use of electronic tools is optional and Internal Audit has recommended that the use of electronic tools be made mandatory. Further, he indicated that management has agreed to all 6 recommendations and to date 5 have been put in place and 1 will be implemented by June 30, 2010.

Keith Kamino, Senior Internal Auditor, explained the scope of the Finance Division – Reimbursement of Expenses Audit, the findings and the recommendations which management has agreed to implement or have already completed. He spoke to the payment made to employees and elected officials for reimbursement, tuition payment policy and petty cash policy. Mr. Kamino indicated that generally they did not have any significant findings but have made 9 recommendations; some of which have been completed and the outstanding ones will be completed by the end of this year.

Councillor George Carlson enquired if the reimbursement of up to \$50 that can be paid to employees through petty cash, was a comfortable amount as one of the findings is the splitting of the amount to address the \$50 maximum. Janice Baker, City Manager, felt that \$50 was adequate given the number of petty cash accounts across the City. Further, Brenda Breault, Commissioner, suggested that if there was an ongoing expense, then a procurement card was a better alternative.

Received

Recommendation AC-0007-2010 (Councillor S. McFadden)

CA.15

2. Internal Audit Work Plan for 2010 to 2012

Corporate Report dated April 26, 2010 from the Director of Internal Audit, with respect to the Internal Audit Work Plan for 2010 to 2012.

RECOMMENDATION:

That the report dated April 26, 2010 from the Director of Internal Audit, with respect to the Internal Audit work plan for 2010 to 2012 be approved.

Sally Eng explained the purpose of her report indicating that the Internal Audit Charter requires her to prepare a plan for review and approval by the Audit Committee. She explained the Risk Assessment, emphasizing that much of the work plan is focusing on business operation risks and finance risks. She also indicated that Technology information resources risk is high and for 2010, they will focus more on the security of technology and that proper controls are in place.

Further, Ms. Eng pointed out that although the Audit Division do their best to stick to the work plan, they are also involved in providing consulting services and they have no control over the length of these projects and therefore there needs to be flexibility in the work plan.

Councillor George Carlson enquired about the streetlighting contract and Sally Eng advised that this contract was already audited a number of years ago but will be reviewed again, noting that this contact was of significant value.

Approved

Recommendation AC-0008-2010 (Councillor S. McFadden)

CA.15

3. 2009 Audited Financial Statements

Corporate Report dated April 22, 2010 from the Commissioner of Corporate Services and Treasurer with respect to the 2009 Audited Financial Statements for the City of Mississauga.

RECOMMENDATION:

That the 2009 Audited Financial Statements for City of Mississauga (City), City of Mississauga Public Library Board, City of Mississauga Trust Funds, Clarkson Business Improvement Area, Port Credit Business Improvement Area, Streetsville Business Improvement Area, and Enersource Corporation be approved.

In response to a question by Mayor Hazel McCallion about the impact of the new HST on the City, Brenda Breault, Commissioner explained that it was a flow through tax and there could be lower prices on some items but there will also be additional costs. She indicated that this tax will have an impact on the City's budget although the extent is not known at this time as in some purchases, the tax will be refunded, however, the tax is not refunded on services. Further, she advised that they have looked at some models to evaluate the impact but categorically the impact is not known at this time.

In response to Mayor McCallion's question to Mr. Kevin Travers, KPMG, about their experience with other municipalities with respect to HST, the Mayor was advised that this was a complex change and the experience was different in other municipalities based on their spending.

Brenda Breault briefly explained the financial statements, advising that this was the first year that the City has followed the Public Sector Accounting Board (PSAB) and 3150 Tangible Capital Assets requirements. This is a significant change in accounting policies as in previous years tangible capital asset additions were expensed in the year of acquisition or construction. She briefly explained how tangible capital assets are reported.

Mayor McCallion also asked for information about vacancy rebates and what was projected for in 2010, expressing concern that the biggest impact would be felt in 2011. She stated that there was a lot of vacant space in the manufacturing sector.

Further, Mayor McCallion asked that all members of council be provided information with respect to what has been paid out in 2009 and what is projected for 2010 by way of vacancy rebates. Staff will speak to Larry Petovello, Director, Economic Development, as to how this is trending.

The Mayor also enquired about how government grants were reported as she was looking at a comparison between 2008 and 2009. Brenda Breault explained that the grants are not recorded when they are received but when the work is completed. Further, it was explained that in 2008 the grants were unconditional but in 2009, it was for specific projects under the ISF or RINc projects and will be expended in 2010, hence they will be shown in the statements brought forward in 2011.

Approved

Recommendation AC-0009-2010 (Mayor Hazel McCallion)

FA.02

4. 2009 External Audit Findings and Recommendations

Corporate Report dated April 22, 2010 from the Commissioner of Corporate Services and Treasurer with respect to the External Audit Findings and Recommendations for 2009

RECOMMENDATION:

That the 2009 External Audit Findings and Recommendations report dated April 22, 2010 from the Commissioner of Corporate Services and Treasurer, which includes the Independence Letter and Management Letter, issued by KPMG for the fiscal year 2009 for the City of Mississauga, be received for information.

Kevin Travers, KPMG, indicated that the City of Mississauga will be among the first to report on Tangible Capital Assets, adding that this has been delayed in other municipalities. He pointed out that this was a significant project to meet the timelines. Further, he pointed out that there was a lot of work involved in getting to the cost values as much of the infrastructure has been paid for. Also, he pointed out that this is mandatory for 2009 reporting. Mr. Travers highlighted certain sections of the Appendix, formally advising Committee that they are independent to the City and have a letter in the Appendix confirming this statement.

Received

Recommendation AC-0010-2010 (Councillor S. McFadden)

CA.25

5. Date of Next Meeting: September 27, 2010 at 9:00 a.m., Council Chambers

ADJOURNMENT – 9:45 A.M.

REPORT 2– 2010

TO: THE MAYOR AND MEMBERS OF COUNCIL

The Audit Committee presents its second report of 2010 and recommends:

AC-0006-2010

That the minutes of the Audit Committee meeting held on March 8, 2010, be approved as presented.

MG.24.Audit

AC-0007-2010

That the report dated April 26, 2010 from the Director of Internal Audit with respect to final audit reports, Community Services Department, Planning, Development & Business Services Division – Park Development Contracts Audit and Corporate Services Department, Finance Division – Reimbursement of Expenses Audit be received for information.

CA.15

AC-0008-2010

That the report dated April 26, 2010 from the Director of Internal Audit, with respect to the Internal Audit work plan for 2010 to 2012 be approved.

CA.15

AC-0009-2010

That the 2009 Audited Financial Statements for City of Mississauga (City), City of Mississauga Public Library Board, City of Mississauga Trust Funds, Clarkson Business Improvement Area, Port Credit Business Improvement Area, Streetsville Business Improvement Area, and Enersource Corporation be approved.

FA.02

AC-0010-2010

That the 2009 External Audit Findings and Recommendations report dated April 22, 2010 from the Commissioner of Corporate Services and Treasurer, which includes the Independence Letter and Management Letter, issued by KPMG for the fiscal year 2009 for the City of Mississauga, be received for information.

CA.25