

Audit Committee

Date

2018/05/07

Time

9:03 AM

Location

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

Members Present

Mayor Bonnie Crombie	(Arrived at 9:19 AM)
Councillor Dave Cook	Ward 1
Councillor Karen Ras	Ward 2
Councillor Ron Starr	Ward 6
Councillor Matt Mahoney	Ward 8

Members Absent

Nil

Staff Present

Gary Kent, Commissioner, Corporate Services and Chief Financial Officer
Jeff Jackson, Director of Finance and Treasurer
Mark Beauparlant, Manager of Corporate Financial Services
Robin Uba, Manager, Corporate Performance and Innovation
Al Steinbach, Director, Internal Audit
Thomas Kelly, Senior Auditor, Internal Audit
Tara Zammit, Senior Auditor, Internal Audit
Kevin M. Travers, Partner, KPMG, External Auditor
Mumtaz Alikhan, Legislative Coordinator, Office of the City Clerk
Megan Piercey, Committee Assistant, Office of the City Clerk
Allyson D'Ovidio, Legislative Coordinator, Office of the City Clerk

Find it online

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

1. CALL TO ORDER – 9:03 A.M
2. APPROVAL OF AGENDA
Approved (Councillor Ras)
3. DECLARATION OF CONFLICT OF INTEREST- Nil
4. MINUTES OF PREVIOUS MEETING
 - 4.1. Audit Committee Meeting Minutes of March 5, 2018
Approved (Councillor Mahoney)
5. DEPUTATIONS
 - 5.1. Item 7.1. Anthony Hamer, Partner and Mike Varey, Partner, KPMG Canada with respect to the Proposed Performance Measures System.

Gary Kent, Commissioner of Corporate Services and Chief Financial Officer introduced the team from KPMG and provided background information with respect to the purpose of the assessment of our performance measures.

Anthony Hamer, Partner, KPMG Canada and Mike Varey, Partner, KPMG Canada introduced themselves and the basis of their review. Mr. Varey spoke about the City's objectives for the study; an assessment of Mississauga's corporate performance measures (CPMs) based on industry best practise framework and to identify recommendations to improve the CPMs.

The scope of the assessment included 220 CPMs within 15 Service Area Business Plans and a review of approximately 400 operational measures. The approach to the assessment involved 5 different phases including data collection and workshops with various levels of staff and the Leaderships teams.

Mr. Varey spoke to the Municipal Reference Model (MRM); the framework used for understanding performance measures in relation to the different components of a City's business Model. The measures include: efficiency; effectiveness and quality. Mr. Varey noted a maturity model was used to assess and identify areas for improvement. The model included five categories: Accountability; Customer; Financial; Service and Strategic.

Mr. Hamer spoke to current state of the City's CPMs maturity assessment, noting Mississauga is ahead of other municipalities. Mr. Hamer spoke about the focus of the benchmarking; barriers; success factors, including regular reviews around impacts of performance and whether they should be modified. Mr. Hamer spoke to 9 overall recommendations including working towards lifting the divisions from a level 2.1 to a level 3 by December 2019 and the next steps.

In response to Councillor Starr, Mr. Hamer noted the average MRM score of other municipalities is 1.6 and Mississauga is ahead at 2.1 with 3.0 being the ideal score.

Robin Uba, Manager of Corporate Performance and Innovation discussed her role as the designer of the CPM Program; its purpose and action items which include the following:

1. Form a dedicated permanent Performance Measures team;
2. Deliver a training program to increase knowledge about operational and strategic measures;
3. Collaborate with staff to identify and use new operational measures;
4. Coordinate with Information Technology to automate the measures;
5. Provide periodic updates to Audit Committee and/or Council on the progress of the program; and
6. Attain ISO 37120 certification through World Council on City Data (WCCD)

In response to Councillor Ras, Ms. Baker spoke about the exercise, noting the results can be used as a road map for staff to move forward as part of a 3 year plan with a timetable that is tied into leveraging technology and supporting the performance measures program. Ms. Baker noted we will need a dedicated team to work on the infrastructure management of the system and focus on measures that require the most support. Councillor Ras noted 3 years is a significant amount of time and cautioned staff about extending the timeline any further.

Members of the Committee, Mr. Hamer and staff, engaged in a discussion with respect to what forms of performance measurement are being conducted by other municipalities. In response to Councillor Starr, Gary Kent, Commissioner of Corporate Services and CFO spoke about the maturity assessment being used as a baseline and noted the best benchmark the City has is against ourselves. Ms. Baker added, we want to demonstrate that we are doing the right thing with our resources and develop a system which will allow management and Council to make data based and cost effective decisions. Kevin Travers, Partner, External Auditor, KPMG, noted the findings were all positive and the end result is being able to make informed decisions.

RECOMMENDATION

AC-0004-2018

That the deputation by Anthony Hamer, Partner and Mike Varey, Partner, KPMG Canada with respect to the Proposed Performance Measures System be received.

Received (Councillor Cook)

5.2. Item 7.2. Jeff Jackson, Director, Finance with respect to the 2017 Audited Financial Statements.

Jeff Jackson, Director of Finance and Treasurer, presented the 2017 Financial Statements which demonstrate the progress made by the City in relation to what was approved in the annual budget.

Mr. Jackson spoke about the differences between the budget book and financial statements; the 4 main areas of the statement of financial position; the statement of operations and the financial assets, noting the average yield of investment in 2017 was 3.54%. Mr. Jackson spoke to the increase in receivables in 2017, noting it was due to a significant number of ARB decisions accounting for approximately \$20 million and secondly, \$42 million in recovery is expected through the PTIF program.

Mr. Jackson discussed the \$202 million gain in our investment in Enersource Hydro Mississauga following the merger with Alectra Utilities. Mr. Jackson spoke about the increase in accounts payable due to an increase in WSIB, vacation pay, sick leave and long term disability (LTD) increases which are mainly due to changes in Fire regulations.

Despite long-term debt, our credit rating continues to be AAA. Mr. Jackson provided a summary of the non-financial assets; amortization; accumulated surplus (equity); reserve and reserve funds; revenues and noted the largest of our fees is in transit fares; expenses.

In response to Mayor Crombie, Mr. Jackson confirmed the \$42 million on the PTIF was in the 2017 receivables which is expected to come in this summer. Gary Kent, Commissioner of Corporate Services and CFO spoke about the PTIF program, noting it is administered through the Federal Government and was supposed to be completed by March 2018. In response to Mayor Crombie, Mr. Jackson advised the City is in a comfortable position with reserve funds and noted 2017 was a good year for Development Charges. In response to Mayor Crombie, Mr. Jackson confirmed the City could go as high as 25% in debt and is currently at approximately 3.5%.

In response to Councillor Ras, Mr. Jackson spoke about the difficulties in forecasting employee benefits and Omers. In response to Councillor Starr, Mr. Jackson noted we

are in the very early days of the storm water charge program making it too early to predict the impacts on future years.

RECOMMENDATION

AC-0005-2018

That the deputation by Jeff Jackson, Director, Finance with respect to the 2017 Audited Financial Statements be received.

Received (Councillor Ras)

6. PUBLIC QUESTION PERIOD - 15 Minute Limit (5 Minutes per Speaker) - Nil

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 CONSIDERED

7.1. Report dated April 16, 2018 from the Commissioner of Corporate Services and Chief Financial Officer re: Proposed Performance Measures Program.

RECOMMENDATION

AC-0006-2018

That the report titled “Proposed Performance Measures Program” dated April 16, 2018 from the Commissioner of Corporate Services and Chief Financial Officer be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie	X			
Councillor D. Cook	X			
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Received (Councillor Mahoney) (5, 0, 0)

- 7.2. Report dated March 29, 2018 from the Commissioner of Corporate Services and Chief Financial Officer re: 2017 Audited Financial Statements.

RECOMMENDATION

AC-0007-2018

That the 2017 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 D. Cook	X			
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Received (Councillor Ras) (5, 0, 0)

- 7.3. Report dated April 19, 2018 from the Commissioner of Corporate Services and Chief Financial Officer re: 2017 External Audit Findings Report.

Kevin Travers, Partner, External Auditor, KPMG, highlighted the most important areas of the audit, stating there were no areas of improvement or control weaknesses noted. Mr. Travers noted they have been able to make increased use of technology during the course of the audit which includes electronic sharing of information. Mr. Travers noted the Enersource transaction is highlighted as a significant area of focus.

Gary Kent, Commissioner of Corporate Services and CFO thanked Jeff Jackson and his team for their work on the 2017 Financial Statements and the support received through KPMG.

RECOMMENDATION

AC-0008-2018

That the 2017 External Audit Findings Report dated April 19, 2018 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the

Audit Findings Report from KPMG for the fiscal year 2017 for the City of Mississauga (City), be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie				
Councillor D. Cook				
Councillor K. Ras				
Councillor R. Starr				
Councillor M. Mahoney				

Received – (Councillor Mahoney) (5, 0, 0)

- 7.4. Report dated April 23, 2018 from the Director of Internal Audit re: Final Audit Reports: 1. Corporate Services Department, Finance Division, Investments Section – 2017 Investment Audit; and, 2. Corporate Services Department, Facilities and Property Management Division – Capital Projects Contracts Audit.

Al Steinbach, Director of Internal Audit introduced Vandana Waghela as a new Auditor.

Mr. Steinbach spoke about the first Audit report noting it is an annual report about controls and investments of the City and further, that all objectives have been met.

Thomas Kelly, Internal Auditor gave a presentation about F&PM Capital Projects Audit. Mr. Kelly noted this is the third audit performed since 2015, on Capital Projects and is overall a good news audit. Mr. Kelly noted recoveries were all accurately captured with one exception. F&PM has one of the better procedure manuals across the corporation.

The audit resulted in three (3) recommendations that address concerns with Compliance with and Clarification of Corporate Requirements. Management has agreed with the recommendations and all three (3) will be completed by September 30, 2018.

Members of the Committee discussed their satisfaction with the audit findings and thanked staff for their work.

RECOMMENDATION

AC-0009-2018

That the report dated April 23, 2018 from the Director of Internal Audit with respect to final audit reports:

1. Corporate Services Department, Finance Division, Investments Section – 2017 Investment Audit, and,
2. Corporate Services Department, Facilities and Property Management Division – Capital Projects Contracts Audit be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie	X			
Councillor D. Cook	X			
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Received (Mayor Crombie) (5, 0, 0)

- 7.5. Report dated April 23, 2018 from the Director of Internal Audit re: Status of Recommendations from the External Quality Assurance Review of the Internal Audit Function.

AI Steinbach, Director of Internal Audit, spoke about the status of the recommendations from the External Quality Assurance Review, noting we are on track and 4 other recommendations will be completed this year.

RECOMMENDATION

AC-0010-2018

That the report dated April 23, 2018 from the Director, Internal Audit with respect to the Status of Recommendations from the External Quality Assurance Review of the Internal Audit Function be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie	X			
Councillor D. Cook	X			
Councillor K. Ras	X			
Councillor R. Starr	X			
Councillor M. Mahoney	X			

Received (Councillor Cook) (5, 0, 0)

- 7.6. Report dated April 18, 2018 from the City Manager and Chief Administrative Officer re: Status of Outstanding Audit Recommendations as of March 31, 2018.

In response to Councillor Ras, Tara Zammit spoke to the Animal Services E - 3 review, noting the recommendations in the 2015 audit were looking at notice of contravention and how the licenses were being sold. Ms. Zammit spoke to the recommendation to monitor their inventory noting it is not something that will be done in the future, rather a requirement that has been implemented, a monitoring of the inventory. The inventory is

now controlled. Councillor Ras requested Ms. Zammit provide her with a copy of the previous audit.

RECOMMENDATION

AC-0011-2018

That the report dated April 18, 2018 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of March 31, 2018 be received for information.

Recorded Vote	YES	NO	ABSENT	ABSTAIN
Mayor B. Crombie				
Councillor D. Cook				
Councillor K. Ras				
Councillor R. Starr				
Councillor M. Mahoney				

Received (Councillor Ras) (5, 0, 0)

8. ENQUIRIES – Nil
9. CLOSED SESSION – Nil
10. ADJOURNMENT - 10:16 A.M (Councillor Cook)