
Audit Committee

Date: September 20, 2021
Time: 9:30 AM
Location: Online Video Conference

Members

Mayor Bonnie Crombie
Councillor Stephen Dasko
Councillor Karen Ras
Councillor Ron Starr
Councillor Dipika Damerla

Ward 1 (Vice-Chair)
Ward 2
Ward 6 (Chair)
Ward 7 (Chair)

Participate Virtually and/or via Telephone

Advance registration is required to participate and/or make a comment in the meeting. **Questions for Public Question Period are required to be provided to Clerk's staff at least 24 hours in an advance of the meeting.** Any materials you wish to show the Committee during your presentation must be provided as an attachment to the email. Links to cloud services will not be accepted. Comments submitted will be considered as public information and entered into public record.

To register, please email dayna.obaseki@mississauga.ca and for Residents without access to the internet via computer, smartphone or tablet, can register by calling Dayna Obaseki at 905-615-3200 ext. 5425 **no later than Thursday, September 16, 2021 before 4:00PM.** You will be provided with directions on how to participate from Clerks' staff.

Contact

Dayna Obaseki, Legislative Coordinator, Legislative Services
905-615-3200 ext. 5425
Email: dayna.obaseki@mississauga.ca

Find it Online

<https://www.mississauga.ca/council/committees/audit-committee/>

1. CALL TO ORDER
2. APPROVAL OF AGENDA
3. DECLARATION OF CONFLICT OF INTEREST
4. MINUTES OF PREVIOUS MEETING

4.1. Audit Committee DRAFT Minutes - May 3, 2021

5. DEPUTATIONS - Nil.

6. PUBLIC QUESTION PERIOD - 15 Minute Limit

Public Comments: Advance registration is required to participate and/or to make comments in the virtual public meeting. Any member of the public interested in speaking to an item listed on the agenda must register by calling 905-615-3200 ext. 5425 or by emailing dayna.obaseki@mississauga.ca by **Thursday, September 16, 2021 before 4:00PM.**

Pursuant to Section 42 of the Council Procedure By-law 0139-2013, as amended:

Audit Committee may grant permission to a member of the public to ask a question of Audit Committee, with the following provisions:

1. Questions shall be submitted to the Clerk at least 24 hours prior to the meeting;
2. A person is limited to two (2) questions and must pertain specific item on the current agenda and the speaker will state which item the question is related to;
3. The total speaking time shall be five (5) minutes maximum, per speaker, unless extended by the Mayor or Chair; and
4. Any response not provided at the meeting will be provided in the format of a written response.

7. MATTERS TO BE CONSIDERED

7.1. Final Audit Report: Corporate Services Department, Finance Division, Treasury Section – Investments Audit

7.2. Status of Outstanding Audit Recommendations as of June 30, 2021

8. ENQUIRIES

9. CLOSED SESSION - Nil.

10. ADJOURNMENT

Audit Committee

Date: May 3, 2021
Time: 9:30 AM
Location: Online Video Conference

| | | |
|------------------------|---------------------------|---------------------|
| Members Present | Councillor Stephen Dasko | Ward 1 (Vice-Chair) |
| | Councillor Ron Starr | Ward 6 |
| | Councillor Dipika Damerla | Ward 7 (Chair) |
| Members Absent | Mayor Bonnie Crombie | |
| | Councillor Karen Ras | Ward 2 |

Staff Present

Paul Mitcham, City Manager and Chief Administrative Officer
Gary Kent, Commissioner of Corporate Services and Chief Financial Officer
Geoff Wright, Commissioner of Transportation and Works
Wesley Anderson, Manager, Financial and Treasury Services
Luis Souza, Director, Internal Audit
Mickey Frost, Director, Works Operations and Maintenance
Scott Holmes, Senior Manager, Works Admin Operations and Maintenance
Christopher Trombino, Manager, Works Maintenance
Yianni Foufas, Senior Internal Auditor
Connie Mesih, Director, Revenue and Material Management
Sacha Smith, Manager, Legislative Services and Deputy Clerk
Megan Piercey, Legislative Coordinator

1. **CALL TO ORDER** - 9:30 AM2. **APPROVAL OF AGENDA**

Approved (Councillor R. Starr)

3. **DECLARATION OF CONFLICT OF INTEREST** - Nil4. **MINUTES OF PREVIOUS MEETING**4.1 **Audit Committee Minutes - March 1, 2021**

Approved (Councillor S. Dasko)

5. **DEPUTATIONS**5.1 **Wesley Anderson, Manager, Financial and Treasury Services regarding the 2020 Financial Statements**

Item 8.1

Mr. Anderson provided an overview of the 2020 Financial Statements and spoke to financial statements vs. budget, financial and non-financial assets, financial liabilities, accumulated surpluses, revenues, expenses and sustainability accounting and reporting. Committee Members spoke to the matter and enquired about property tax deferrals, annual surpluses, Enersource dividends and the budget deficit. Mr. Anderson and Gary Kent, Commissioner of Corporate Services and Chief Financial Officer responded to questions from Committee Members.

At 9:56 AM Councillor Damerla lost wifi connection and Councillor Dasko took over as Chair. At this time quorum was lost and Committee Members discussed item 8.2 until quorum was restored at 10:02 AM.

6. **PUBLIC QUESTION PERIOD - 15 Minute Limit** - Nil7. **CONSENT AGENDA** - Nil8. **MATTERS CONSIDERED**8.1 **2020 Financial Statements**

This matter was discussed during item 5.1.

RECOMMENDATION AC-0004-2021

Moved By Councillor R. Starr

That the 2020 Audited Financial Statements for the City Of Mississauga (consolidated), City of Mississauga Public Library Board, Tourism Mississauga, City of Mississauga Trust Funds, Clarkson Business Improvement Area, Cooksville Business Improvement Area, Port Credit Business Improvement Area, Streetsville Business Improvement Area, Malton Business Improvement Area, and Enersource Corporation be received for information.

YES (3): Councillor Dasko, Councillor Starr, and Councillor Damerla

ABSENT (2): Mayor Crombie and Councillor Ras

Carried (3 to 0)

8.2 2020 External Audit Findings Report

Kevin Travers, Partner, KPMG LLP spoke to the results of the 2020 External Audit Findings Report and noted the significant changes in 2020, such as the COVID-19 pandemic and the new CAS auditing standards which impacted the financial reporting. Mr. Travers and Gary Kent, Commissioner of Corporate Services and Chief Financial Officer responded to questions from Committee Members regarding unfunded employee benefits and the possibility of monetising the City's current real-estate assets.

Councillor Damerla's connection returned at 10:02 AM, quorum was restored and Councillor Damerla resumed her role as Chair. At this time Committee Members voted on item 8.1 and 8.2

RECOMMENDATION AC-0005-2021

Moved By Councillor S. Dasko

That the 2020 External Audit Findings Report, dated April 16, 2021 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG for the fiscal year 2020 for the City of Mississauga (City), be received for information.

YES (3): Councillor Dasko, Councillor Starr, and Councillor Damerla

ABSENT (2): Mayor Crombie and Councillor Ras

Carried (3 to 0)

8.3 Final Audit Reports:

1. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section, Works Maintenance Unit – Works Current Maintenance Contracts Audit
2. Planning & Building Department, Building Division, Inspection Services Section – Building Permit Inspection Processes Audit

Yianni Foufas, Senior Internal Auditor provided a presentation on the Works Maintenance Unit Current Maintenance Contracts Audit and spoke to the background, scope, objectives, observations, risks and action plans. Mr. Foufas advised that a total of 8 recommendations resulted from this audit and noted that management had agreed to all the recommendations; 2 will be completed by end of June 2021, 1 will be completed by end of September 2021, 2 will be completed by the end of December 2021, 1 by end of March 2022 and 1 will be completed by April 1, 2023, with an interim remediation step completed by the end of December 2021. One (1) recommendation has already been completed.

Committee Members engaged in discussion and enquired about the incident management process, managing vendor performance and following up with contractors. Mickey Frost, Director, Works Operations & Maintenance and Scott Holmes, Senior Manager, Works Admin Operations & Maintenance responded to questions from Committee Members.

RECOMMENDATION AC-0006-2021

Moved By Councillor R. Starr

That the report dated April 15, 2021 from the Director, Internal Audit with respect to final audit reports:

1. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section, Works Maintenance Unit – Works Current Maintenance Contracts Audit; and,
2. Planning & Building Department, Building Division, Inspection Services Section – Building Permit Inspection Processes Audit

be received for information.

YES (3): Councillor Dasko, Councillor Starr, and Councillor Damerla

ABSENT (2): Mayor Crombie and Councillor Ras

Carried (3 to 0)

8.4 **Internal Audit Work Plan 2021-2023**

No discussion took place on this matter.

RECOMMENDATION AC-0007-2021

Moved By Councillor S. Dasko

That the Corporate Report dated April 16, 2021 from the Director, Internal Audit entitled “Internal Audit Work Plan 2021-2023” be approved.

YES (3): Councillor Dasko, Councillor Starr, and Councillor Damerla

ABSENT (2): Mayor Crombie and Councillor Ras

Carried (3 to 0)

9. **ENQUIRIES** - Nil

10. **CLOSED SESSION** - Nil

11. **ADJOURNMENT** - 10:42 AM (Councillor R. Starr)

City of Mississauga Corporate Report



7.1

Date: September 2, 2021

To: Chair and Members of Audit Committee

From: Luis H. Souza, CPA, CMA, CIA
Director, Internal Audit

Originator's files:

Meeting date:
September 20, 2021

Subject

Final Audit Report: Corporate Services Department, Finance Division, Treasury Section – Investments Audit

Recommendation

That the report dated September 2, 2021 from the Director, Internal Audit with respect to final audit report, Corporate Services Department, Finance Division, Treasury Section – Investments Audit, be received for information.

Background

In accordance with the Terms of Reference for the Audit Committee (By-law 0069–2015), the Committee is responsible for, “reviewing reports from the Director of Internal Audit identifying audit issues and the steps to resolve them [and] reviewing the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved.”

Comments

Internal Audit has completed finalization of the Corporate Services Department, Finance Division, Treasury Section – Investments Audit.

The audit report is hereby submitted to the Audit Committee for consideration.

Financial Impact


There are no financial impacts resulting from the Recommendation in this report.

Conclusion

The final report for the Corporate Services Department, Finance Division, Treasury Section – Investments Audit is now complete and is submitted for consideration by the Audit Committee.

Attachments

Appendix 1: Corporate Services Department, Finance Division, Treasury Section
- Investments Audit



Luis H. Souza, CPA, CMA, CIA
Director, Internal Audit

Prepared by: Karen Hobbs, Administrative Coordinator

City of Mississauga **Internal Audit Report**

CORPORATE SERVICES DEPARTMENT
FINANCE DIVISION
TREASURY SECTION
INVESTMENTS AUDIT

September 2, 2021

City Manager's Department
Internal Audit Division

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Report on Corporate Services Department, Finance Division, Treasury Section –
Investments Audit

Appendix A – Summary of Recommendations

**CORPORATE SERVICES DEPARTMENT
FINANCE DIVISION
TREASURY SECTION
INVESTMENTS AUDIT**

Distribution List

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- Director, Finance & Treasurer
- Manager, Financial and Treasury Services
- Manager, Treasury

KPMG LLP, Chartered Accountants, External Auditor

**Corporate Services Department
Finance Division
Treasury Section
Investments Audit**

BACKGROUND

The Financial and Treasury Services section is part of the Finance Division within the Corporate Services Department. The section is responsible for cash management, investment purchases, debt management and safekeeping of financial instruments.

The Treasury function is governed by Corporate Policy and Procedures on Investments (04-13-02), which is aligned with the requirements of the Ontario Regulation 438/97 on Eligible Investments, Related Financial Agreements and Prudent Investments, last amended by O.Reg 43/18. Investments must meet specific criteria related to investment quality, size limitations and terms of investments. By-law 0188-2015 establishes the authority of the Director, Finance and Treasurer to make investments on behalf of the City.

In 2020, the City earned \$41.5 million in gross investment income (net income of \$41.2 million) on average cash and portfolio investment balances of \$1.27 billion, generating a net yield of 3.23%. Net earnings from cash and investments are distributed in the operating fund (\$14.4 million) and reserve funds (\$26.8 million).

The last audit completed on Investments was in 2019 for the 2018 year. No significant findings were noted.

SCOPE

The audit focused on investment transactions during the period of January 1 to December 31, 2020. It reviewed the adequacy of the control framework in place to effectively support investment decisions and cash flow requirements in a manner that was compliant with applicable legislation and City policies and procedures.

Not in scope

The audit excluded the City's investment in Enersource Corporation as this is not within Treasury's portfolio.

Additionally, the adoption of policies that affect the Corporation as a whole, such as Human Resource policies, was not in scope.

OBJECTIVES

The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing and was guided by a risk assessment performed in May 2021 in conjunction with the section's management. The audit focused on the review of the adequacy of internal controls that mitigate relevant risks related to the following business objectives:

- A) To ensure investments conform to legislative requirements;
- B) To preserve the principal investment and to avoid the loss of monies;
- C) To ensure investments are easily liquidated when funds are required; and
- D) To maximize the return on investments while conforming to the other objectives.

These objectives are in order of priority suggested by management.

SUMMARY OF OBSERVATIONS

The audit found that the sampled securities complied with the applicable requirements of the Municipal Act, Ontario Regulation, City By-law and Corporate Policy and Procedures. Furthermore, we noted that the Treasury section has developed and maintained a well-documented Statement of Investment Policy and Procedures (SIPP) to assist with consistent guidance for the day-to-day operations of the unit. Management also showed agility through the pandemic by implementing additional controls to manage and monitor cash flow requirements. Treasury provided the Finance leadership team with monthly cash flow reports and the City's line of credit was increased as a precautionary measure.

Past investment audits, which were conducted annually, focused on the compliance with regulatory requirements and Policy. This year's audit examined other areas of risks inherent to the process of managing the investment portfolio, such as third-party system access and business continuity.

Although the audit did not note any issues that should cause immediate concerns, it did find some opportunities to implement preventative controls that will strengthen the overall control environment.

Our main observations and recommendations are summarized below. Appendix A outlines the detailed recommendations and the action plans proposed by management.

Deactivate cryptokey for terminated or transferred users immediately

Cryptokeys are a multi-factor authentication that provide users of the CIBC portal with a randomly generated passcode to access and/or conduct transactions within the City's bank accounts or investments.

At the time of the audit, the process for cryptokey deactivation took up to 5 business days, as it required a request to CIBC or CIBC Mellon to remove employees who left the organization or were transferred to other functions. It was noted that functionality was available through one of CIBC's portals to immediately deactivate and delete cryptokeys; however, it was not being used.

Allowing departed employees the ability to access systems poses a significant risk to an organization when they have access to sensitive or privileged information; having proper deactivation protocols will ensure malicious behaviour or human error is limited.

The situation was corrected by management immediately and the existing procedure is being updated to reflect this change. The expected date of completion for documenting this process is September 30, 2021.

Develop a contingency/succession plan for the Treasury Manager

Even though the Treasury function has well-documented standard operating procedures that could assist the City in supporting the function in case the Treasury Manager is unavailable, the expertise in capital markets, municipal investments and strategies is a niche skillset that is not easily transferrable or replicated internally.

The Treasury section is relatively small, consisting of a Treasury Manager and two Analysts. All trade activity, as well as system approvals, is under the responsibility of the Treasury Manager. In the event that the Treasury Manager is absent for a prolonged period, or permanently departs from the organization, the continuity of the unit's work may be impacted and, at a minimum, this may result in missed financial opportunities due to less than optimal allocation of investment resources.

A formal contingency plan, supported by periodic testing, allows action to be taken more quickly and leads to better decision-making, while a succession plan creates structure for training and development, supports mapping of competencies and skillset requirements and helps expedite the recruitment process, when necessary.

Implement system tool for departments to communicate cash flow information

Cash flow forecast is used to project cash positions based on expected and anticipated receipts and disbursements and is an important tool for making decisions about funding, capital expenditures and investments. It helps avoid cash shortages, and earns returns on any cash surpluses in the most efficient way. Planned cash flows are captured for items such as accounts payable EFTs and cheque settlements and property tax due dates, however, unforeseen situations such as land purchases/real estate transactions need to be communicated to Treasury with sufficient time to review the cash flow forecasting and adjust the investment buy/sell strategies.

Cash flow stakeholders include service areas who have additional information on cash inflows/outflows with a critical value of \$3 million or more. As per a recently revised Corporate Policy and Procedures on Financial Controls and Budget Monitoring (04-04-02), departments are mandated to provide this information to Treasury.

Currently, this process is quite manual, requiring the corresponding Analyst to periodically initiate and compile the information from relevant stakeholders. This could leave room for incomplete or erroneous information given the time and effort required to manage the communication with all stakeholders. The use of a central repository, with automated workflows and forms, would provide more transparency and ensure continuity of the cash flow process.

Management is looking at making this a Green Belt Lean project in 2022 which would enable cash flow stakeholders/owners to report critical value transactions to Treasury in a more streamlined manner.

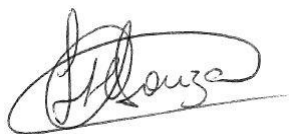
CONCLUSION

Results of the audit showed that the controls in place around Investments in the Treasury Section were generally adequate to ensure compliance with required legislation, City By-law and Corporate Policy and Procedures and to mitigate operational and financial risks. Therefore, we are discontinuing the practice of auditing the investments portfolio on an annual basis. However, it will continue to be part of the annual corporate risk assessment to determine if and when a review is required.

Main areas where the control framework could be strengthened are related to security over access termination, continuity/succession planning for the Treasury Manager's position and improvement with communication for unforeseen cash flow projections.

In total there were five (5) recommendations; one (1) related to the safeguarding of assets and information, two (2) dealing with operational control and financial reporting, one (1) to enhance efficiency/effectiveness and one (1) specific to compliance with and clarification of corporate requirements. Management has agreed and committed to completing three (3) within 2021 and the remaining two (2) by 2022.

Details of the audit recommendations and management's comments are presented in Appendix A to this report.



Luis H. Souza, CPA, CMA, CIA
Director, Internal Audit

Auditor: Amy Truong, CPA, CMA, CIA
Senior Internal Auditor

Vandana Waghela, CISA, PMP
Internal Auditor

**Corporate Services Department
Finance Division
Treasury Section
Investments Audit
Summary of Audit Recommendations**

Page 1 of 2

| Rec | Recommendation | Priority (H/M/L) | Comments/Status | Classification |
|-----|--|---------------------|---|---|
| 1 | That a user deactivation protocol be developed to include, but not be limited to, processing cryptokey deactivations through CIBC's administrative access portal, and a periodic review of terminated employees be completed to identify any employees that may be missed. | H | Treasury will create an SOP documenting the deactivation process. Expected Date of Completion: September 30, 2021 | Safeguarding of Assets and Information |
| 2 | That contingency and succession plans be developed for the Treasury Manager position, including completing a job evaluation with HR to map out the competencies and skillsets. | M | Finance agrees with the recommendation and will develop a succession plan and appropriate contingencies for the management of the City's investment portfolio in addition to a job evaluation for the Treasury Manager position. Expected Date of Completion: March 31, 2022 | Operational Control and Financial Reporting |
| 3 | That the template for monitoring compliance be enhanced to flag errors, and cells for the limits be locked to prevent changes to the template. | M | Treasury will lock certain template cells to align with Policy. Expected Date of Completion: October 31, 2021 | Operational Control and Financial Reporting |
| 4 | That a central repository (e.g. SharePoint) be developed to automate the cash flow projection process and ensure complete information is provided to the Analyst. | M | Treasury will investigate whether a potential Lean (Green Belt) project in 2022, which would create a SharePoint List to be updated by the Owners of all critical value transactions City-wide, would bring further value to the process. Expected Date of Completion: December 1, 2022 | Efficiency and Effectiveness |

**Corporate Services Department
Finance Division
Treasury Section
Investments Audit
Summary of Audit Recommendations**

Page 2 of 2

| | | | | |
|---|---|---|---|--|
| 5 | That the requirement that two signatures be obtained for each investment transaction be removed and the Policy updated to reflect the change. | L | Management agrees that the signatures are not necessary and will update the Policy to reflect this. Expected Date of Completion: September 30, 2021 | Compliance with and Clarification of Corporate Requirements |
|---|---|---|---|--|

City of Mississauga Corporate Report



7.2

Date: August 30, 2021

To: Chair and Members of Audit Committee

From: Paul A. Mitcham, P.Eng., MBA
City Manager and Chief Administrative Officer

Originator's files:

Meeting date:
September 20, 2021

Subject

Status of Outstanding Audit Recommendations as of June 30, 2021

Recommendation

That the Corporate Report dated August 30, 2021 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of June 30, 2021 be received for information.

Executive Summary

- The status of outstanding recommendations report provides the Audit Committee with an overview of the progress made on management action plans created to address issues raised in previous Internal Audit reports, and the reasons when significant delays occur.
- Of the seventy-four (74) recommendations scheduled for implementation by June 30, 2021, forty-five (45) were completed and twenty-nine (29) remain outstanding.
- Significant progress was made on the Fire Fleet Audit recommendations including sixteen (16) completed and only two (2) remaining.
- Since the last report, notable progress has been made on recommendations outstanding for more than a year, which were reduced from fifteen (15) to nine (9). Three (3) recommendations from the Street Lighting Program Audit and four (4) from the Non-Union Payroll Audit were completed in the period.
- The Street Lighting program has four (4) remaining recommendations in progress, with delays caused by various technical difficulties, including the global shortage of electronic components. Most of the remaining recommendations in this category are relatively lower risk and targeted for completion by the end of the year.

Background

The terms of reference for the Audit Committee (By-law 0069-2015) requires the submission of an annual report from the City Manager and Chief Administrative Officer indicating the progress made in resolving the issues previously raised by Internal Audit and by the City's External Auditor. At the November 2011 Audit Committee meeting, members requested that bi-annual

progress updates be submitted. These status reports are provided for the period ending June 30 and December 31 each year.

The value of Internal Audit is reflected in the effective realization of improvements in the control environment. Through Audit's observations and recommendations, risks are identified and action plans are developed to address risks and control gaps. The effective monitoring and implementation of action plans ensures those risks are mitigated to an acceptable level.

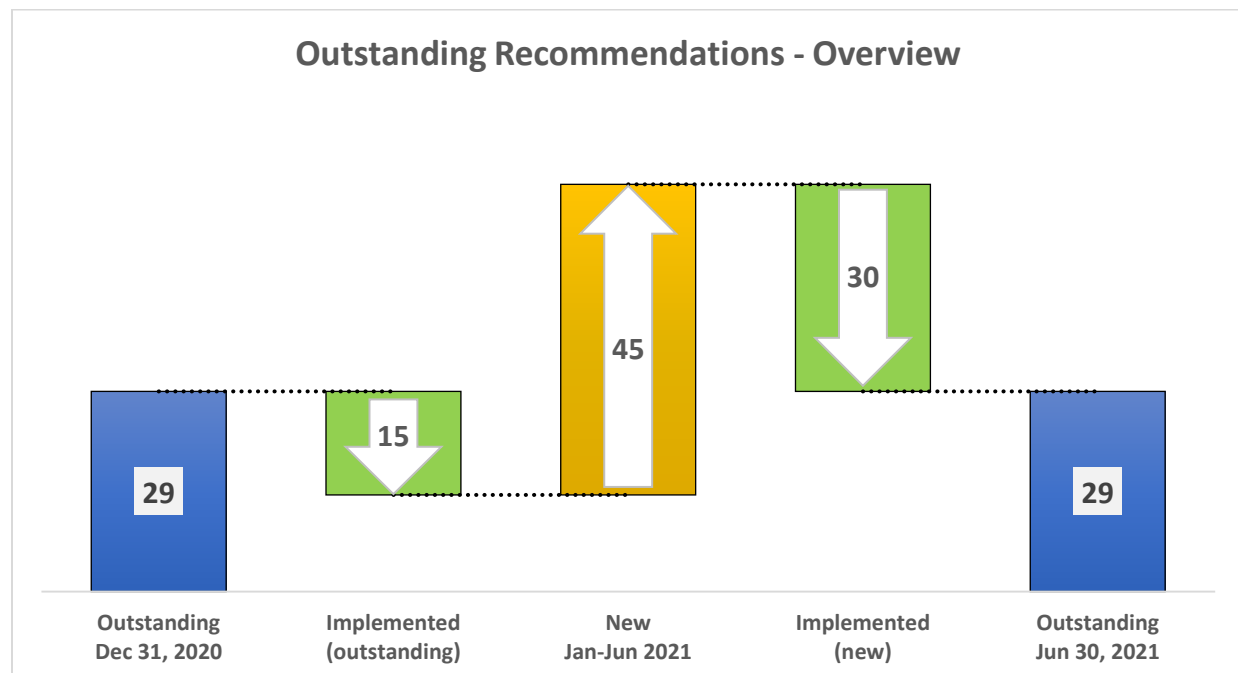
Internal Audit has continued to use the new tool, implemented in late 2020, to manage the progress of the recommendations and the communication with the action owners, which allows for greater insight on the status and timing of the solutions, and other relevant aspects of risk mitigation.

The current report includes some of those insights and shows the progress achieved as of June 30, 2021.

Comments

The current status of the recommendations is provided by the various action owners throughout the Corporation. Internal Audit provides support and advice as required and validates the solutions when they are reported as "Completed."

The evolution of the audit recommendations since December 31, 2020 (the effective date of the previous status report to the Audit Committee) is presented in the chart below.



Outstanding – actions whose due date is on or before the specified date and had not been completed until that date
New – actions whose due dates fall between effective dates of the previous report and this report
Implemented – actions considered Completed by the action owners and validated by Internal Audit

As illustrated in the above chart, of the twenty-nine (29) carryover action items from the last report, fifteen (15) have since been completed and fourteen (14) recommendations remain outstanding. Of the forty-five (45) recommendations that were due between January 1 and June 30, 2021, thirty (30) have been completed and the remaining fifteen (15) recommendations are in various stages of implementation. In total, there are twenty-nine (29) recommendations that remain outstanding for this reporting period. All completed actions have been validated by Internal Audit.

Significant progress has been made on the Fire Fleet Audit recommendations including four (4) from the previous period and twelve (12) from this period, with only two (2) outstanding recommendations remaining.

A summary of the progress of recommendations which were outstanding as of December 31, 2020 and those scheduled for completion from January 1 to June 30, 2021 is provided in **Appendix 1**.

In addition to the above-mentioned outstanding recommendations, there are forty-one (41) other action items in the pipeline due on future dates. Twenty-four (24) of these are due within the next six months.

Delayed solutions

For recommendations that have been extended for more than a year from their original target dates, management has provided additional details for these delays, and where applicable, Internal Audit asked whether effective compensating controls were in place. By highlighting these, the action owners can resolve the delay or implement a temporary solution in the interim.

While many action plans are completed on time, or with minimal delays, currently nine (9) outstanding recommendations were outstanding between one (1) and five (5) years since their original target dates. While we are working to further reduce this backlog, good progress has been made since our previous report, which listed fifteen (15) actions in this situation.

Since then, there has been progress with the Street Lighting Program Audit, reducing the delayed action items from seven (7) to four (4). These delays were a result of challenges in resolving discrepancies between Alectra’s new platform and system integration with the City’s ESRI system. Furthermore, there is a worldwide shortage of electronic components for the supply of Street Lighting Control System Adaptive Control Nodes, resulting in delays with zones remediation.

The Non-Union Payroll Audit has also made significant progress and decreased the number of outstanding recommendations from five (5) to one (1). The completion of the termination protocol and enhancement of termination checklists and employee change forms improved the overall control related to terminations. The remaining one (1) outstanding item is dependent on the full implementation of SAP Fiori.

The remaining long-delayed actions are related to the audits of Mississauga Sport Zone Cash Handling, Single, Sole Source and Emergency Acquisition, Library Acquisitions, and CLASS Facility Rentals.

All nine (9) long-delayed actions have revised target dates, as well as further clarifications provided by management, which are detailed in **Appendix 2**. The revised target dates for these actions span from September 2021 to December 2023.

In addition to the specifics of each action, each department has nominated an action leader to oversee the progress and help close these actions as soon as reasonably possible. Internal Audit is also in the process of discussing with the action owners the opportunity to implement temporary solutions to mitigate the risks identified while the areas develop the final solution.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

Conclusion

In summary, seventy-four (74) recommendations were scheduled for implementation prior to June 30, 2021 (effective date of this report) and forty-five (45) of them were completed. Work continues on the implementation of the twenty-nine (29) recommendations that were outstanding as of June 30, 2021 and will be closely monitored to ensure timely implementation. Long-delayed actions are being prioritized by management and, where necessary, temporary solutions to mitigate the risks will be implemented, while the action owners work on implementing the final solution.

Attachments

Appendix 1: Status of Audit Recommendations Outstanding as at June 30, 2021

Appendix 2: Status of Audit Recommendations Outstanding and Extended for More Than a Year as of June 30, 2021



Paul A. Mitcham, P.Eng., MBA
City Manager and Chief Administrative Officer

Prepared by: Amy Truong, Senior Internal Auditor

Appendix 1: Status of Audit Recommendations Outstanding as at June 30, 2021

| Name of Audit | Date Issued (MM/YY) | Outstanding December 31, 2020* | New ** | Implemented/ Resolved | In Progress June 30, 2021 |
|---|---------------------|--------------------------------|-----------|-----------------------|---------------------------|
| Mississauga Sport Zone Cash Handling | 01/16 | 1 | | | 1 |
| MFES Building and Fleet Maintenance | 04/17 | 1 | | 1 | |
| CLASS Facilities Rental | 08/17 | 1 | | | 1 |
| Works Operations Payroll | 08/17 | | | | |
| Single, Sole Source and Emergency Acquisition | 10/18 | 1 | | | 1 |
| Street Lighting Program | 01/19 | 7 | | 3 | 4 |
| Library Acquisitions | 04/19 | 1 | | | 1 |
| Non-Union Payroll | 04/19 | 5 | | 4 | 1 |
| Cashiers Operations | 09/19 | | | | |
| Infrastructure Services IT Hardware | 09/19 | | 2 | | 2 |
| Traffic Signals and Systems Program | 11/19 | 1 | | | 1 |
| Stormwater Revenue | 11/19 | 6 | | 3 | 3 |
| Fire Fleet Acquisition | 09/20 | 5 | 13 | 16 | 2 |
| Presto Card Revenue | 09/20 | | 7 | 2 | 5 |
| Sign Shop | 11/20 | | 6 | 4 | 2 |
| Paid Parking | 11/20 | | 5 | 3 | 2 |
| Procurement Cards | 02/21 | | 8 | 5 | 3 |
| IT Capital Projects | 02/21 | | | | |
| Building Inspections | 04/21 | | 1 | 1 | |
| Works Maintenance Contracts | 04/21 | | 3 | 3 | |
| TOTAL | | 29 | 45 | 45 | 29 |

* This column includes outstanding recommendations which were originally scheduled for implementation on or prior to December 31, 2020 (effective date of the previous status report to Audit Committee)

** This column includes all recommendations which were originally scheduled for implementation between December 31, 2020 and June 30, 2021 (effective date of the current status report to Leadership Team)

**Status of Audit Recommendations
Outstanding and Extended for More Than a Year
as of June 30, 2021**

Appendix 2

| Audit | No. of Recommendations | Rec. # | Management Comments/Status |
|--|------------------------|--------------|---|
| Review and Update of Business Processes | | | |
| 2016 Mississauga Sport Zone Cash Handling | 1 | 11 | <p>A Citywide policy is expected to be completed by December 31, 2021. Delays are due to decisions related to unclaimed electronics that are found on City property. Originally, the Policy referred to a partnership with Ontario Electronic Stewardship Program to dispose of electronics appropriately; however, that program was discontinued as of December 31, 2020.</p> <p>The working group is continuing to explore other solutions available to dispose of electronic assets with consideration for privacy, cost and the environment.</p> <p>As the solution may require a third-party service to properly dispose of the unclaimed electronic devices, the City's Sustainable Procurement Coordinator is in the process of finding a procurement solution for auction services and proper IT disposals.</p> <p>In the interim, Community Services has developed an SOP to assist staff with handling of lost and found items. This SOP will be updated within 3 months to align with Policy requirements.</p> |
| 2019 Street Lighting Program | 4 | 8, 9, 10, 11 | <p>Street Lighting and Geospatial teams are working with Alectra Utilities GIS team on making updates to the attributes as a result of Alectra's transition to a new platform, called Hexagon, and integration with the City's ESRI platform. Resolving discrepancies between the two databases is presenting some challenges, but the discrepancies are decreasing over time. Confidentiality agreements are also being drafted between the two organizations.</p> <p>Additionally, the completion of the recommendation is contingent on resolution of the electronic component supply chain issues. A worldwide shortage of electronic components has been identified as problematic for the supply of Street Lighting Control System Adaptive Control Nodes; thus,</p> |

**Status of Audit Recommendations
Outstanding and Extended for More Than a Year
as of June 30, 2021**

Appendix 2

| | | | |
|--|---|---|---|
| | | | <p>delay with zones remediation. Therefore, an optimistic targeted date of completion is December 31, 2022.</p> <p>A remediation project has been developed to methodically review and appropriately fix each zone. The street lighting business unit is to continue working closely with Dimonoff in verifying billing populations for LED street lighting infrastructure.</p> <p>In the interim, a Contract Cost Management Procedures document was developed to define the roles and responsibilities of staff. The street lighting and projects unit will also continue to work closely with the Energy Management Section to proactively review and reconcile the street lighting electricity billing.</p> |
| Review and Update of a By-law | | | |
| 2018 Single, Sole Source and Emergency Acquisition | 1 | 8 | New Procurement By-law has been deferred for approval by Council on May 5, 2021. Effective date of new by-law is planned for September 1, 2021. |
| 2019 Library Acquisitions | 1 | 2 | |
| Enhancement of Computer System | | | |
| 2017 CLASS Facilities Rental | 1 | 4 | While the project is in progress, to mitigate risks the Director has approved the existing customers to continue to pay fees outside of established rates and fees for a specific term until Council approves a new model for storage rates and fees. This is within policy. Currently re-configuring CLASS to include storage category to onboard existing and future customers. Development of new rates and fees model for storage to be included in the proposed 2022 Recreation Rates & Fees By-law. |
| 2019 Non-Union Payroll | 1 | 4 | To ensure employees' pay is not interrupted as a result of Payroll not approving time on behalf of management, Payroll requires the full implementation of the SAP Fiori Time Attendance Reporting Solution. The solution increases accountability of staff and approvers to ensure time is entered on time with frequent reminders. Once fully implemented, Payroll will no longer approve time on behalf of Management. This is currently underway and has successfully been implemented in 14 City divisions. Target completion date is December 31, 2023. |
| Total | 9 | | |