
Audit Committee

Date: May 11, 2020
Time: 9:30 AM
Location: Online Video Conference

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

Staff Present

Janice Baker, City Manager and Chief Administrative Officer
Paul Mitcham, Commissioner of Community Services
Gary Kent, Commissioner of Corporate Services and Chief Financial Officer
Jeff Jackson, Director, Finance and Treasurer
Wesley Anderson, Manager, Financial and Treasury Services
Luis Souza, Director, Internal Audit
Barb Webster, Senior Auditor, Internal Audit
Kevin Travers, Partner, KPMG
Diana Rusnov, Director, Legislative Services and City Clerk
Sacha Smith, Manager, Legislative Services and Deputy Clerk
Dayna Obaseki, Legislative Coordinator, Legislative Services

1. CALL TO ORDER

9:32AM

2. APPROVAL OF AGENDA

Approved (Councillor Ras)

3. DECLARATION OF CONFLICT OF INTEREST**4. MINUTES OF PREVIOUS MEETING****4.1 Audit Committee Draft Minutes - December 2, 2019**

Approved (Councillor Dasko)

5. DEPUTATIONS

Gary Kent, Commissioner of Corporate Services and Chief Financial Officer provided introductory remarks. He noted that on April 29, 2020 at City's Council meeting the 2019 Financial Performance and Data Analysis Report was presented in the format similar to the budget book that is more digestible to the public. The 2019 Financial Statements report contains the same information, however presented in a different format that is in compliance with the legislation and policies that outline the accounting practices.

5.1 Wesley Anderson, Manager, Financial & Treasury Services to present on the 2019 Financial Statements**Item 7.1**

Mr. Anderson provided an overview on the 2019 Financial Statements highlighting the financial statements versus the budget book, assets, liabilities, accumulated surplus, revenues, expenses and the Living Arts Centre. The City's investments in relation to Enersource Corporation experienced a slight reduction due to the Alectra Utilities amalgamating with Guelph Hydroelectric Systems. In 2019, The City of Mississauga assumed effective control of the Living Arts Centre. The City expanded use of SAP Concur for an increase in transparency, automated processing, a reduction in manual entry and to speed up year-end reporting. In consultation with KPMG, Finance revised the account treatment of deferred revenues to include unspent capital funds from obligatory reserve funds. Mr. Anderson further outlined the potential impacts of COVID-19 on the City's Financials and notes that the ultimate impact is unknown.

Councillor Ras inquired about the revised accounting treatment of obligatory development charges and the impact of Bill 108. Mr. Anderson responded by noting that historically the balance and unspent development charges were classified as liabilities, while other accounts were calculated as surplus. Mr. Anderson further noted that with revised calculation all accounts with unspent balances are classified as liabilities and that this revision has been recast in the 2018 and 2019 finances to reflect the update. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer and Jeff

Jackson, Director of Finance and Treasurer responded by noting the impacts of Bill 108 are still unknown and will continue to be monitored.

Item 7.1 was brought forward and voted on.

RECOMMENDATION AC-0001-2020

Moved By Councillor Ras

That the deputation by Wesley Anderson, Manager, Finance and Treasury Services regarding the 2019 Financial Statements be received.

Received

6. PUBLIC QUESTION PERIOD - 15 Minute Limit

The public may pre-register to speak at dayna.obaseki@mississauga.ca by Friday, May 8, 2020 before 12:00 PM.

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No members of the public pre-registered to speak.

7. MATTERS CONSIDERED

7.1 2019 Financial Statements

Item 7.1 was brought forward and voted upon during the discussion of Item 5.1.

RECOMMENDATION AC-0002-2020

Moved By Councillor Ras

That the 2019 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 for information.

YES (5): Mayor Crombie, Councillor Dasko, Councillor Ras, Councillor R. Starr, and Councillor Damerla

Carried (5 to 0)

7.2 2019 External Audit Findings Report

Kevin Travers, Partner, KPMG LLP provided a brief overview on the highlights outlined in Appendix 1 – 2019 Audit Findings Report. Mr. Travers noted that presumed risks, the areas of focus, the impact of the utilities amalgamation, the acquisition of the Living Arts

Centre, employee future benefits, contingencies and upcoming changes to the Public Sector Accounting Standards.

RECOMMENDATION AC-0003-2020

Moved By Councillor Dasko

That the 2019 External Audit Findings Report, dated April 23rd, 2020 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG for the fiscal year 2019 for the City of Mississauga (City), be received for information.

YES (5): Mayor Crombie, Councillor Dasko, Councillor Ras, Councillor R. Starr, and Councillor Damerla

Carried (5 to 0)

7.3 Contract Amendment for Statutory Audit Services Procurement

Gary Kent, Commissioner of Corporate Services and Chief Financial Officer spoke to the item by noting that KPMG has been the City's external auditor since 1994, however in 2015 the City of Mississauga began a competitive procurement process. The contract was awarded to KPMG for five (5) years with an additional five (5) years as an option at the City's sole discretion. Mr. Kent also further noted that the Municipal Accommodation Tax provided the ability to audit the hotel/accommodation industry under the by-law.

Councillor Starr inquired if the Municipal Accommodation Tax Audit is recoverable. Mr. Kent responded by noting that a portion of the tax collection is dedicated to the new Mississauga Tourism Board after the administrative costs including the audit have been deducted.

RECOMMENDATION AC-0004-2020

Moved By Mayor Crombie

1. That the option to extend the existing contract with KPMG LLP for Statutory Audit Services, File Ref: FA.49.480-15, for the audit years 2020-2024 in accordance with the City's Purchasing By-law 374-06, as amended, per the report entitled "Contract Amendment for Statutory Audit Services Procurement FA.49.480-15" dated April 13, 2020 from the Commissioner of Corporate Services and Chief Financial Officer be exercised.
2. That the Purchasing Agent or designate be authorized to execute an amendment to the existing contract with KPMG LLP to increase the total contract value to \$1,552,500 and extend the contract end date to November 1, 2025, in accordance with section 18(2)(d)(i) of the City's Purchasing By-law 374-06, as amended.
3. That KPMG LLP be appointed the City's external auditors for the audit years 2020 to 2024, in accordance with the Audit Committee Terms of Reference.

4. That the amendment referred to in recommendation 2 include audits of accommodation providers as are required to enforce the Municipal Accommodation Tax (MAT) By-law.

YES (5): Mayor Crombie, Councillor Dasko, Councillor Ras, Councillor R. Starr, and Councillor Damerla

Carried (5 to 0)

7.4 Status of Outstanding Audit Recommendations as of December 31, 2019

No discussion took place.

RECOMMENDATION AC-0005-2020

Moved By Councillor Damerla

That the report dated February 7, 2020 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of December 31, 2019 be received for information.

YES (5): Mayor Crombie, Councillor Dasko, Councillor Ras, Councillor R. Starr, and Councillor Damerla

Carried (5 to 0)

7.5 2019 – 2020 Internal Audit Work Plan Report

Councillor Ras inquired if the Work Plan would be amended due to the COVID-19 Pandemic. Luis Souza, Director of Internal Audit responded by noting that the staff has already started altering the plan by reducing the workload to allow the capacity to fulfill other requests. Also staff is currently planning and preparing a strategy for the leadership team on the resumption of activities as well as analyzing what procedures have been put into place during the emergency period, whether those process need to become permanent and/or require review and any elevated risks.

RECOMMENDATION AC-0006-2020

Moved By Councillor Ras

That the report dated April 20, 2020 from the Director, Internal Audit with respect to the 2019-2020 Internal Audit Work Plan be approved.

YES (5): Mayor Crombie, Councillor Dasko, Councillor Ras, Councillor R. Starr, and Councillor Damerla

Carried (5 to 0)

8. ENQUIRIES - Nil.

9. CLOSED SESSION - Nil.

Janice Baker, City Manager and Chief Administrative Officer provided brief comments on her time at the City of Mississauga as she will be embarking on retirement and applauded the Internal Audit Team.

RECOMMENDATION

10. ADJOURNMENT

10:18AM (Councillor Dasko)

DRAFT