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## **REVISED**

### **Audit Committee**

**Date:** September 21, 2020  
**Time:** 9:30 AM  
**Location:** Council Chambers, Civic Centre, 2nd Floor  
300 City Centre Drive, Mississauga, Ontario, L5B 3C1  
And 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**

Paul Mitcham, City Manager and Chief Administrative Officer  
Shari Lichterman, Commissioner, Community Services  
Geoff Wright, Commissioner, Transportation & Works  
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  
Mark Beauparlant, Senior Auditor, Internal Audit  
Vandana Waghela, Internal Auditor, Internal Audit  
Barbara Webster, Senior Internal Auditor, Internal Audit  
Erica Edwards, Manager, Material Management, External Services  
Connie Mesih, Director, Revenue and Material Management  
Sacha Smith, Manager, Legislative Services and Deputy Clerk  
Allyson D'Ovidio, Legislative Coordinator, Legislative Services

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1. **CALL TO ORDER**
2. **APPROVAL OF AGENDA**
3. **DECLARATION OF CONFLICT OF INTEREST**

Nil

4. **MINUTES OF PREVIOUS MEETING**

4.1 **Audit Committee Draft Minutes - May 11, 2020**

**RECOMMENDATION**

Moved By Councillor Ras

Approved

5. **PRESENTATIONS - Nil**

6. **DEPUTATIONS - Nil**

7. **PUBLIC QUESTION PERIOD - 15 Minute Limit**

Nil

8. **MATTERS CONSIDERED**

8.1 **Final Audit Reports:**

1. Transportation & Works Department, MiWay Transit Division, Transit Revenue Section – Presto Card Revenue Audit
2. Community Services Department, Fire & Emergency Services Division, Capital Assets Section – Fire Fleet Acquisition Audit

Mark Beauparlant, Senior Internal Auditor gave a presentation on the Transportation & Works Department, MiWay Transit Division, Transit Revenue Section – Presto Card Revenue Audit. Mr. Beauparlant provided background information on the audit including the scope, objectives and statistics regarding annual revenue. Mr. Beauparlant spoke to a total of 13 recommendations resulting from this audit; the observations, root causes and risks. Management has agreed to all the recommendations, one (1) has been completed, two (2) are targeted for completion by end of December 2020, three (3) are targeted for completion by end of March 2021, four (4) are targeted for completion by end of June 2021 and three (3) are targeted for completion by end of December 2021.

Members of the Audit Committee made enquiries with respect to the following:

- Administrative Gaps;
- Ambassador card distribution and pre-loading procedure;
- Fare billing;

- Ridership and rates;
- Presto card usage; sales locations and reloading
- Accounting

In response to enquiries, Geoff Marinoff, Director, Transit and Gary Kent, Commissioner, Corporate Services and Chief Financial Officer spoke to future plans to review a position in Transit that will require Finance experience to manage the administrative gaps and noted in the interim, a Chartered Professional Accountant has been seconded to the Transit division to assist in identifying issues and preventing future concerns. Luis Souza, Director, Internal Audit noted the recommendation is high level that Finance and Transit look at the process and determine the needs. Direction was given to staff to add a timeline in the recommendation.

In response to Mayor Crombie, Mr. Kent and Jeff Jackson, Director, Finance and Treasurer spoke to the job requirements and working on making the determination of responsibilities, the job may ultimately be a clerical position with support from Corporate Finance. Mr. Jackson spoke to solutions for eliminating recent errors. Mr. Kent spoke to changes resulting from the new Presto Card system. Mr. Souza spoke to the process of reviewing outstanding recommendations, noting they are monitored every 6 months.

In response to Councillor Starr, Mr. Marinoff spoke to the process through Metrolinx for loading funds onto Presto cards and noted the City of Mississauga does not receive funds until cards are used on buses. Mr. Marinoff provided an explanation regarding HST charges and noted it is only applicable to reloadable cards, not on fares.

Vandana Waghela, Internal Auditor presented on the Mississauga Fire and Emergency Services Fire Fleet Acquisition Audit. Ms. Waghela provided background information and spoke to the findings noting a total of 21 recommendations resulted from this audit. Management has agreed to all the recommendations. Seven (7) will be completed by end of December 2020, twelve (12) will be completed by end of March 2021, one (1) will be completed by end of June 2021, and one (1) will be completed by end of December 2021.

In response to Councillor Ras, Fire Chief Tim Becket spoke to the rationale and explanations behind the costs of new fleet. Mr. Souza spoke the procurement process and noted Mr. Kent along with Audit staff will be reviewing the process in the future. Mr. Kent spoke to the process for purchasing U.S. funds in advance of a purchase in an effort to prevent extra cost. Mr. Jackson spoke to this purchase being made quickly which did not allow time to purchase U.S. funds in advance.

In response to Councillor Damerla, Chief Beckett provided a rationale for the advanced payment of the new fleet prior to delivery. Councillor Damerla enquired if Audit recommends that the practice should continue in the future. Mr. Souza advised that ideally Audit does not recommend advance payments but there may be exceptional situations where it could be reasonable, as long as there is a documented analysis

approved by the Leadership Team. Mr. Kent spoke to a future report and amending By-law coming to Council regarding procurement, which will include a clause on prepayment. In response to Mayor Crombie, Mr. Jackson spoke to interest rates and risk.

In response to Councillor Starr, Chief Beckett spoke to the rationale behind procuring custom built trucks. Chief Beckett will follow up with the Committee regarding the penalty clause. Erica Edwards, Manager, Material Management, External Services spoke to penalty clauses being unique from contract to contract, dependant on risk and worked out with Legal Services. In response to Councillor Starr, Mr. Jackson spoke to changes to the procurement policy to include provisions on investments.

**RECOMMENDATION AC-0007-2020**

Moved By Councillor Dasko

That the report dated September 8, 2020 from the Director, Internal Audit with respect to final audit reports:

1. Transportation & Works Department, MiWay Transit Division, Transit Revenue Section – Presto Card Revenue Audit; and,
2. Community Services Department, Fire & Emergency Services Division, Capital Assets Section – Fire Fleet Acquisition Audit be received for information.

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

Carried (5 to 0)

**8.2 Status of Outstanding Audit Recommendations as of June 30, 2020**

No discussion took place.

**RECOMMENDATION AC-0008-2020**

Moved By Councillor Damerla

That the Corporate Report dated September 8, 2020 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of June 30, 2020 be received for information.

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

Carried (5 to 0)

**9. INFORMATION ITEMS – Nil**

**10. OTHER BUSINESS**

Nil.

**11. DATE OF NEXT MEETING**

December 7, 2020

**12. ADJOURNMENT**

10:42 AM (Councillor K. Ras)

DRAFT