Minutes

Audit Committee

Committee of the Council of
The Corporation of the City of Brampton

Tuesday, February 20, 2018

Members Present:

Regional Councillor M. Palleschi – Wards 2 and 6 **(Chair)**
Regional Councillor M. Medeiros – Wards 3 and 4
Regional Councillor E. Moore – Wards 1 and 5
Regional Councillor G. Miles – Wards 7 and 8
City Councillor G. Dhillon – Wards 9 and 10

Staff Present:

H. Schlange, Chief Administrative Officer
D. Squires, City Solicitor, Corporate Services
F. Velji, Chief Audit Executive, Internal Audit
G. Constantine, Senior Advisor, Internal Audit
C. Gravlev, Deputy City Clerk, Office of the Chief Administrative Officer
S. Pacheco, Legislative Coordinator, Office of the Chief Administrative Officer

The meeting was called to order at 9:32 a.m., recessed at 10:25 a.m., moved into Closed Session at 10:37 a.m., moved back into Open Session at 10:59 a.m. and adjourned at 11:00 a.m.

1. Approval of Agenda

The following motion was considered.

AU001-2018 That the agenda for the Audit Committee Meeting of February 20, 2018 be approved, as amended, to the change the order of business as follows:

- To deal with Item 4.1 in conjunction with Item 5.5 under the Reports – Internal Audit section of the agenda
- To deal with Item 10.2 before 10.1 in Closed Session

Carried

2. Declaration of Interest under the Municipal Conflict of Interest Act – nil

3. Consent – nil

4. Delegations/Presentations

4.1. Presentation by F. Velji, Chief Audit Executive, Internal Audit, re: **Office of Internal Audit Annual Review – 2017**.

Dealt with under Item 5.5 – Recommendation AU005-2018

4.2. Presentation by F. Velji, Chief Audit Executive, and G. Constantine, Senior Advisor, Internal Audit, re: **Corporate Fraud Hotline Update and Proposed Corporate Fraud Prevention Policy**.

Items 5.3 and 5.4 were brought forward and dealt with at this time.

F. Velji, Chief Audit Executive, Internal Audit, advised Committee that the Fraud Hotline was initially launched in July 2016 and is currently underutilized by staff due to a lack of awareness. Ms. Velji indicated that Internal Audit staff reviewed the current process for the Fraud Hotline, and the existing Corporate Fraud Prevention Policy.

G. Constantine, Senior Advisor, Internal Audit, provided a presentation entitled "Corporate Fraud Hotline Update", and provided information with respect to the following:

- Signs of Complacency
- Fraud Detection Methods – Impacts of Hotlines
- Background on the current Fraud Hotline and Policy
- Revised Corporate Fraud Prevention Policy
- Conduct that is subject to the Fraud Policy
- Fraud Prevention Hotline Vendor – ClearView Connects
- Policy Goals
- Recommendation to endorse the Corporate Fraud Prevention Policy

Committee discussion took place with respect to the following:

- A communications strategy for the Corporate Fraud Prevention Policy
- Educating staff on how to recognize fraud
- Suggestion that information regarding the City's Corporate Fraud Prevention Policy be made available to the public
- Staff responsibility to report fraud and "whistleblower" protection
- Conduct that is subject to the fraud policy
- Suggestion that the Corporate Fraud Prevention Policy include Members of Council
- Why the Fraud Hotline was underutilized by staff
- Indication that the Fraud Hotline will be launched internally, and a review will be conducted at the end of one year to determine next steps (e.g. possible external launch)

The following motion was considered.

AU002-2018

1. That the presentation by F. Velji, Chief Audit Executive, and G. Constantine, Senior Advisor, Internal Audit, to the Audit Committee Meeting of February 20, 2018, re: **Corporate Fraud Hotline Update and Proposed Corporate Fraud Prevention Policy** be received;

2. That the report from F. Velji, Chief Audit Executive, Internal Audit, dated January 25, 2018, to the Audit Committee Meeting of February 20, 2018, re: **Corporate Fraud Prevention Hotline Update** be received; and

3. That the 2015 Corporate Fraud Prevention Policy (Council Resolution C202-2015, Recommendation AU021-2015) be repealed and the new Corporate Fraud Prevention Policy be approved.

Carried

5. Reports – Internal Audit

5.1. Report from F. Velji, Chief Audit Executive, Internal Audit, dated January 26, 2018, re: **Consideration of Recruitment and Appointment of Qualified Independent Members of the Public to Serve on Audit Committee**.

Committee discussion took place with respect to the following:

- Suggested practices provided by the Ombudsman
- Benefits of appointing qualified independent members of the public to serve on the Audit Committee
- Suggested qualifications/expertise for citizen appointees to the Audit Committee
- Vetting process for applicants

The following motion was considered.

AU003-2018

1. That the report from F. Velji, Chief Audit Executive, Internal Audit, dated January 26, 2018, to the Audit Committee Meeting of February 20, 2018, re: **Consideration of Recruitment and Appointment of Qualified Independent Members of the Public to Serve on Audit Committee** be received;

2. That the Audit Committee recruit and appoint a minimum of one to a maximum of three qualified, independent members of the public to serve on the 2018-2022 Audit Committee;

3. That the criteria specified in Appendix 1 be utilized in the recruitment and selection process of members of the public who are interested in serving on Audit Committee; and

4. That the draft Audit Committee Terms of Reference in Appendix 3 be endorsed for the 2018-2022 Audit Committee.

Carried

5.2. Report from F. Velji, Chief Audit Executive, Internal Audit, dated January 25, 2018, re: **Quarterly Status of Management Action Plans – December 31, 2017**.

AU004-2018 That the report from F. Velji, Chief Audit Executive, Internal Audit, dated January 25, 2018, to the Audit Committee Meeting of February 20, 2018, re: **Quarterly Status of Management Action Plans – December 31, 2017** be received.

Carried

5.3. Report from F. Velji, Chief Audit Executive, Internal Audit, dated January 25, 2018, re: **Corporate Fraud Prevention Hotline Update**.

Dealt with under Item 4.2 – Recommendation AU002-2018

5.4. **Council Policy – Corporate Fraud Prevention Policy Draft**

Dealt with under Item 4.2 – Recommendation AU002-2018

5.5. Report from Internal Audit, re: **Office of Internal Audit Annual Review – 2017**.

Item 4.1 was dealt with at this time.

F. Velji, Chief Audit Executive, Internal Audit, provided a presentation entitled "2017: A Year in Review", and provided information on the changes, mandate, goals and accomplishments of the Internal Audit Division.

The following motion was considered.

AU005-2018 That the presentation and report from F. Velji, Chief Audit Executive, Internal Audit, to the Audit Committee Meeting of February 20, 2018, re: **Office of Internal Audit Annual Review – 2017** be received.

Carried

6. Reports – Finance – nil

7. Other/New Business – nil

8. Question Period – nil

9. Public Question Period – nil

10. Closed Session

10.1. Personal matters about an identifiable individual, including municipal or local board employees – an identifiable individual

10.2. The security of the property of the municipality or local board – Internal Audit review matter

The following motion was considered.

AU006-2018 That Committee proceed into Closed Session to discuss matters pertaining to the following:

10.1. Personal matters about an identifiable individual, including municipal or local board employees – an identifiable individual

10.2. The security of the property of the municipality or local board – Internal Audit review matter

Carried

Note: In Open Session, the Chair reported on the status of matters considered in Closed Session as follows:

- Item 10.1 – Committee considered this matter and direction was given to staff in Closed Session
- Item 10.2 – Committee considered this matter and no direction was given to staff in Closed Session

11. Adjournment

The following motion was considered.

AU007-2018 That the Audit Committee do now adjourn to meet again on May 22, 2018, at 9:30 a.m. or at the call of the Chair.

Carried

Regional Councillor M. Palleschi, Chair

Minutes

Audit Committee

Committee of the Council of
The Corporation of the City of Brampton

Tuesday, May 22, 2018

Members Present:	Regional Councillor M. Palleschi – Wards 2 and 6 **(Chair)** Regional Councillor M. Medeiros – Wards 3 and 4 Regional Councillor E. Moore – Wards 1 and 5 City Councillor G. Dhillon – Wards 9 and 10
Members Absent:	Regional Councillor G. Miles – Wards 7 and 8 (vacation)
Staff Present:	H. Schlange, Chief Administrative Officer F. Velji, Chief Audit Executive, Officer of Internal Audit J. Pitushka, Commissioner of Public Works and Engineering J. Holmes, Director, Capital Works, Public Works and Engineering D. Soos, Deputy City Solicitor, Corporate Services D. Sutton, Treasurer, Corporate Services Z. Majid, Senior Manager, Accounting and Deputy Treasurer, Corporate Services P. Fay, City Clerk C. Gravlev, Deputy City Clerk T. Brenton, Legislative Coordinator, City Clerk's Office

The meeting was called to order at 10:00 a.m. and recessed at 10:30 a.m. Committee moved into Closed Session at 10:34 a.m. and recessed at 11:03 a.m. Committee reconvened in Open Session at 11:05 a.m. and adjourned at 11:06 a.m.

1. Approval of Agenda

The following motion was considered.

AU008-2018 That the agenda for the Audit Committee Meeting of May 22, 2018 be approved as printed and circulated.

Carried

2. Declaration of Interest under the Municipal Conflict of Interest Act – nil

3. Consent – nil

4. Delegations/Presentations

4.1. Delegation from Mr. Kevin Travers, Partner, KPMG LLP Chartered Accountants, re: **KPMG Audit Findings Report (year ended December 31, 2017)**.

Item 6.1 was brought forward and dealt with at this time.

Kevin Travers, Partner, KPMG LLP, Chartered Accountants, provided an overview of KPMG's Audit Findings Report for the year ended December 31, 2018 (appended to staff report Item 6.1), and highlighted the following:

- Technology in the Audit (page 6.1-38)
- Other Matters: Employee Future Benefits and Contingent Liabilities (page 6.1-39)
- Adjustments and Differences (page 6.1-40)

In response to questions from Committee, Mr. Travers and David Sutton, Treasurer, Corporate Services, provided information on the following:

- contingent liabilities
- capital lease obligation (West Tower)
- key items driving the operating expense variance from 2016 to 2017

The following motion was considered.

AU009-2018 1. That the delegation from Mr. Kevin Travers, Partner, KPMG LLP Chartered Accountants, to the Audit Committee Meeting of May 22, 2018, re: **KPMG Audit Findings Report (year ended December 31, 2017)** be received; and

2. That the report from D. Sutton, Treasurer, Corporate Services, dated May 11, 2018, to the Audit Committee Meeting of May 22, 2018, re: **2017 Audited Consolidated Financial Statements for the City of Brampton** be received.

Carried

4.2. Presentation by Z. Majid, Senior Manager, Accounting and Deputy Treasurer, Corporate Services, re: **KPMG Audit Findings – Mayor and Councillors' Expenses Management Update**.

Zeeshan Majid, Senior Manager, Accounting and Deputy Treasurer, Corporate Services, referenced copies of his presentation included in the agenda for this meeting.

In response to a question from Committee, Mr. Majid confirmed that the Mayor's and Councillors' expense reports are published on the City's web portal on a quarterly basis, in accordance with the Mayor and Councillor Expense Policy.

The following motion was considered.

AU010-2018 That the presentation by Z. Majid, Senior Manager, Accounting and Deputy Treasurer, Corporate Services, to the Audit Committee Meeting of May 22, 2018, re: **KPMG Audit Findings – Mayor and Councillors' Expenses Management Update** be received.

Carried

5. <u>Reports – Internal Audit</u>

5.1. Report from F. Velji, Chief Audit Executive, Office of Internal Audit, dated April 30, 2018, re: **Status of Management Action Plans – March 31, 2018**.

The following motion was considered.

AU011-2018 That the report from F. Velji, Chief Audit Executive, Office of Internal Audit, dated April 30, 2018, to the Audit Committee Meeting of May 22, 2018, re: **Status of Management Action Plans – March 31, 2018** be received.

Carried

5.2. Report from F. Velji, Chief Audit Executive, Office of Internal Audit, dated April 26, 2018, re: **Road Resurfacing Audit Report**.

At the request of Committee, Foruzan Velji, Chief Audit Executive, Office of Internal Audit, provided an overview of the subject report.

In response to questions from Committee, Ms. Velji and Jayne Holmes, Director, Capital Works, Public Works and Engineering, provided information on measures that will be taken to address the recommended enhancements to the following processes:

- Planning and Awarding Bid
- Contract Administration
- Payment Processing
- Customer Service

Committee discussion took place with respect to future staffing requirements to support the City's Road Resurfacing Program.

The following motions were considered.

AU012-2018 That the matter of sufficient staffing resources for the purpose of appropriate follow up for the Road Resurfacing Program, as highlighted within the April 26, 2018 Road Resurfacing Audit Report, be raised during the 2019 Budget review process.

Carried

AU013-2018 That the report from F. Velji, Chief Audit Executive, Office of Internal Audit, dated April 26, 2018, to the Audit Committee Meeting of May 22, 2018, re: **Road Resurfacing Audit Report** be received.

Carried

6. <u>Reports – Finance</u>

6.1. Report from D. Sutton, Treasurer, Corporate Services, dated May 11, 2018, re: **2017 Audited Consolidated Financial Statements for the City of Brampton**.

<u>Dealt with under Item 4.1 – Recommendation AU009-2018</u>

7. <u>Other/New Business</u> – nil

8. <u>Question Period</u> – nil

9. **Public Question Period** – nil

10. **Closed Session**

10.1. Advice that is subject to solicitor-client privilege, including communications necessary for that purpose and litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board

The following motion was considered.

AU014-2018 That Committee proceed into Closed Session to discuss matters pertaining to the following:

10.1. Advice that is subject to solicitor-client privilege, including communications necessary for that purpose and litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board

Carried

Note: In Open Session, the Chair reported on the status of matters considered in Closed Session as follows:

- Item 10.1 – Committee considered this item and direction was given to staff in Closed Session with respect to this matter.

11. **Adjournment**

The following motion was considered.

AU015-2018 That the Audit Committee do now adjourn to meet again on June 26, 2018, at 9:30 a.m. or at the call of the Chair.

Carried

Regional Councillor M. Palleschi, Chair

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Minutes

Audit Committee

Committee of the Council of
The Corporation of the City of Brampton

Tuesday, June 26, 2018

Members Present:

Regional Councillor M. Palleschi – Wards 2 and 6 (Chair)
Regional Councillor M. Medeiros – Wards 3 and 4
Regional Councillor E. Moore – Wards 1 and 5
Regional Councillor G. Miles – Wards 7 and 8 (left at 11:01 a.m. – personal)
City Councillor G. Dhillon – Wards 9 and 10(left at 10:29 a.m. – illness)

Staff Present:

H. Schlange, Chief Administrative Officer
F. Velji, Chief Audit Executive, Office of Internal Audit
J. Pitushka, Commissioner of Public Works and Engineering
J. Pittari, Commissioner of Corporate Services
A. Meneses, Commissioner of Community Services
B. Boyes, Fire Chief, Fire and Emergency Services
D. Soos, Deputy City Solicitor, Corporate Services
D. Sutton, Treasurer, Corporate Services
M. Kuzmanov, Manager, Accounting, Corporate Services
C. Gravlev, Deputy City Clerk
T. Jackson, Legislative Coordinator, City Clerk's Office

The meeting was called to order at 9:30 a.m. and recessed at 10:29 a.m. Committee moved into Closed Session at 10:33 a.m. and recessed at 11:01 a.m. Committee reconvened in Open Session at 11:04 a.m. and adjourned at 11:05 a.m.

1. **Approval of Agenda**

The following motion was considered.

AU016-2018 That the agenda for the Audit Committee Meeting of June 26, 2018 be approved as printed and circulated.

Carried

2. **Declaration of Interest under the Municipal Conflict of Interest Act** - nil

3. **Consent** - nil

4. **Delegations/Presentations**

4.1. Presentation by F. Velji, Director, Office of Internal Audit, re: **Fraud Framework Update**

Foruzan Velji, Chief Audit Executive, Office of Internal Audit, provided an update on the subject presentation.

In response to a question from Committee, Ms. Velji provided an update regarding the yearly cost associated with running the program.

The following motion was considered.

AU017-2018 That the presentation from F. Velji, Chief Audit Executive, Office of Internal Audit, to the Audit Committee meeting of June 26, 2018, re: **Fraud Framework Update,** be received.

Carried

5. **Reports – Internal Audit**

5.1. Report from F. Velji, Director, Office of Internal Audit, dated June 1, 2018, re: **Corporate Fraud Prevention Hotline Update**

Foruzan Velji, Chief Audit Executive, Office of Internal Audit, provided an overview of the subject report.

The following motion was considered.

Au018-2018 That the report from Foruzan Velji, Chief Audit Executive, Office of Internal Audit, dated June 1, 2018, to the Audit Committee Meeting of June 26, 2018, re: **Corporate Fraud Prevention Hotline Update**, be received.

Carried

5.2. Report from F. Velji, Director, Office of Internal Audit, dated June 6, 2018, re: **Status of Management Action Plans – May 31, 2018**

The following motion was considered.

AU019-2018 That the report from Foruzan Velji, Director, Office of Internal Audit, dated June 6, 2018 to the Audit Committee Meeting of June 26, 2018, re: **Status of Management Action Plans – May 31, 2018,** be received.

Carried

5.3. Report by F. Velji, Director, Office of Internal Audit, dated March 30, 2018, re: **Building Inspections Audit Report**

In response to questions from Committee, Staff provided details on the following:

- Project was delayed due to challenges with Cloud solutions. Project completion date is now scheduled for this Fall.
- Amanda Software is currently the program used to maintain permits and other related information. The City of Brampton Information Technology Department and CSDC are working together to create a new system “Amanda 7” with the request for digitalization.
- Departmental goal is to have officers update the status of a property on their mobiles through a smart phone solution, a mobile application.
- Explained the department hours of operation and inspector daily routines.
- An Audit on the project has not been undertaken.
- An Internal process has been created for a move to paperless reports and paperless routines for building permits.

The following motion was considered.

AU020-2018 That the report from F. Velji, Chief Audit Executive, Office of Internal Audit, to the Audit Committee of June 26, 2018, re: **Building Inspections Audit Report**, be received.

Carried

5.4. Report by F. Velji, Director, Office of Internal Audit, dated May 23, 2018, re: **Parking Infractions Audit Report**

Foruzan Velji, Chief Audit Executive, Office of Internal Audit, provided an overview of the subject report.

In response to questions from Committee, Ms. Velji advised that Screening Officers are not consistent with the process and in recording decisions. A recommendation was made for staff to revisit the process and outline what is expected to ensure a consistent approach by all Screening Officers. Management embraced all recommendations.

The following motion was considered.

AU021-2018 That the report from F. Velji, Chief Audit Executive, Office of Internal Audit, to the Audit Committee of June 26, 2018, re: **Parking Infractions Audit Report**, be received.

Carried

5.5. Report from F. Velji, Director, Office of Internal Audit, dated May 31, 2018, re: **Brampton Fire and Emergency Services Audit Report**

Foruzan Velji, Chief Audit Executive, Office of Internal Audit, provided an overview of the subject report. Ms. Velji provided clarification with respect to the impact on Fire and Emergency Services with respect to Peel Regional Police no longer responding to accidents that do not involve injury.

Councillor Moore indicated that the possibility of establishing an ad hoc committee with Peel Regional Police, Fire and Emergency Services and Paramedics be considered to discuss the situation, as may be necessary.

The following motion was considered.

AU022-2018 That the report from F. Velji, Chief Audit Executive, Office of Internal Audit, to the Audit Committee of June 26, 2018, re:

Brampton Fire and Emergency Services Audit Report, be received.

Carried

6. **Reports – Finance**

6.1. Report from M. Kuzmanov, Manager, Accounting, Corporate Services, dated June 18, 2018, re: **Audit Appointment Contract Extension**

Maja Kuzmanov, Manager, Accounting, Corporate Services, provided an overview of the subject report.

The following motion was considered.

AU023-2018

1. That the report Maja Kuzmanov, Manager of Accounting, Corporate Services Department, dated June 18, 2018 to the Audit Committee meeting of June 26, 2018, re: **Audit Appointment Contract Extension**, be received; and**,**

2. That the appointment of KPMG LLP Chartered Accounts (KPMG LLP) be extended for one year commencing November 20, 2018, subject to the Treasurer finalizing an agreement with KPMG LLP for the provision of external audit services; and,

3. That a By-law be passed to confirm the extension of the appointment of KPMG LLP for one year commencing November 20, 2018

Carried

7. **Other/New Business** – nil

8. **Question Period** – nil

9. **Public Question Period** - nil

10. **Closed Session**

The following motion was considered.

AU024-2018 That Committee proceed into Closed Session to discuss matters pertaining to the following:

10.1. The security of the property of the municipality or local board.

Carried

Note: In Open Session, the Chair reported on the status of matters considered in Closed Session as follows:

- Item 10.1 – Committee considered this item and information was received with respect to this matter.

11. **Adjournment**

The following motion was considered.

AU025-2018 That the Audit Committee do now adjourn to meet again on September 11, 2018, at 9:30 a.m. or at the call of the Chair.

Carried