- Revisions/Updates to Published Agenda (as of March 6, 2020)

Tuesday, March 10, 2020

9:30 a.m. – Regular Meeting

Closed Session (See Item 10) – Following Regular Business
(Under Section 239 of the Municipal Act, SO, 2001)

Council Chambers – 4th Floor – City Hall

Council Members: Regional Councillor M. Medeiros – Wards 3 and 4 (Chair)
Regional Councillor R. Santos – Wards 1 and 5 (Vice Chair)
Regional Councillor M. Palleschi – Wards 2 and 6
Regional Councillor G. Dhillon – Wards 9 and 10
City Councillor J. Bowman – Wards 3 and 4
City Councillor D. Whillans – Wards 2 and 6
City Councillor H. Singh – Wards 9 and 10

Citizen Members: Iqbal Ali
Rishi Jain
Abid Zaman

For inquiries about this agenda, or to make arrangements for accessibility accommodations for persons attending (some advance notice may be required), please contact:

Sonya Pacheco, Legislative Coordinator
Telephone (905) 874-2178, TTY (905) 874-2130, cityclerksoffice@brampton.ca

Note: Meeting information is also available in alternate formats, upon request.
1. **Approval of Agenda**

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

3. **Consent**

   * The following items listed with an asterisk (*) are considered to be routine and non-controversial by the Committee and will be approved at this time. There will be no separate discussion of any of these items unless a Committee Member requests it, in which case the item will not be consented to and will be considered in the normal sequence of the agenda.

   (nil)

4. **Delegations/Presentations**

5. **Reports – Internal Audit**

   5.1. Staff Report re: **Status of Management Action Plans – December 31, 2019**

      *To be received*

   5.2. Staff Report re: **Corporate Fraud Prevention Hotline Update**

      *To be received*

   5.3. Staff Report re: **Internal Audit Work Plan – 2020**

      *To be received*

   5.4. Staff Report re: **Data Centre Audit – Corporate Services**

      *Published on the City’s website on Friday, March 6, 2020*

      *Note: This report was added to the agenda at the request of the CAO*

6. **Reports – Finance**
7. **Other/New Business**

8. **Question Period**

9. **Public Question Period**

   15 Minute Limit – (regarding any item discussed as part of this agenda)

10. **Closed Session**

    Note: A separate package regarding these agenda items are distributed to Members of Council and senior staff only.

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

11. **Adjournment**

    Next Regular Meeting: Tuesday, June 16, 2020
Tuesday, March 10, 2020

9:30 a.m. – Regular Meeting

Closed Session (See Item 10) – Following Regular Business
(Under Section 239 of the Municipal Act, SO, 2001)

Council Chambers – 4th Floor – City Hall

Council Members:  Regional Councillor M. Medeiros – Wards 3 and 4 (Chair)
Regional Councillor R. Santos – Wards 1 and 5 (Vice Chair)
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Note: Meeting information is also available in alternate formats, upon request.
1. **Approval of Agenda**

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   - (nil)

4. **Delegations/Presentations**

5. **Reports – Internal Audit**
   5.1. Staff Report re: **Status of Management Action Plans – December 31, 2019**
       
       To be received

   5.2. Staff Report re: **Corporate Fraud Prevention Hotline Update**
       
       To be received

   5.3. Staff Report re: **Internal Audit Work Plan – 2020**
       
       To be received

6. **Reports – Finance**

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9. **Public Question Period**

15 Minute Limit – (regarding any item discussed as part of this agenda)

10. **Closed Session**

Note: A separate package regarding these agenda items are distributed to Members of Council and senior staff only.

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

11. **Adjournment**

Next Regular Meeting: Tuesday, June 16, 2020
Date: January 30, 2020

Subject: Status of Management Action Plans - December 31, 2019

Contact: Sunny Kalkat, Director, Office of Internal Audit, 905-874-2215, satinder.kalkat@brampton.ca

Recommendations:

1. That the report titled: Status of Management Actions Plans - December 31, 2019 (I22/2020), to the Audit Committee Meeting of March 10, 2020, be received.

Overview:

- As part of the internal audit follow-up process, departments are required to provide the Office of Internal Audit with an update on the Management Action Plan status and progress of outstanding audit recommendations;

- The objective of this report is for the Office of Internal Audit to inform Audit Committee members on the progress of the implementation of recommendations, as reported by management;

- The comments reflect the status of the implementation of recommendations due to be completed by or prior to December 31, 2019;

- As of December 31, 2019, 34 recommendations were implemented by management and 24 recommendations have been deferred;

- The Office of Internal Audit may validate results at a subsequent date as part of the follow-up audit process; and

- Details concerning the individual recommendations are available upon request.
Background:

In accordance with the requirements of Standard 2500.A1 of the International Standards for the Professional Practice of Internal Auditing, the Office of Internal Audit has established a follow-up process to monitor and ensure that management action plans for audit recommendations have been successfully implemented. This process has been in place since 2006.

For the follow-up process, departments are required to provide an update to the Office of Internal Audit on the progress of implementing agreed-upon audit recommendations. The Office of Internal Audit reviews the comments submitted by the department, and where necessary, the Director of Internal Audit will meet with Management to discuss the respective progress and comments. Upon complete implementation of the audit recommendations by Management, Internal Audit will assess whether a follow-up audit is necessary to validate the operating effectiveness of the implemented processes and procedures. Such follow-up audits are included in Internal Audit’s annual work plan and is approved by the Audit Committee.

The implementation status updates from Management are reported to the Audit Committee. This report summarizes the status of all audit recommendations due to be implemented by management on or prior to December 31, 2019.

Current Situation:

As of December 31, 2019, 34 audit recommendations were implemented by management on or prior to this date. 24 recommendations were deferred. The remaining recommendations identified as “not yet due” have anticipated completion dates between Q1 and Q4 2020.

Please refer to Appendix 1 for the details of the recommendations as of December 31, 2019.

Corporate Implications:

Financial Implications:
None

Other Implications:
None
Term of Council Priorities:

This report achieves the Term of Council Priority of ‘Brampton is a well-run city’ through the establishment of an internal audit follow up procedure for the implementation of audit recommendations, which promotes corporate accountability, values, and governance best practices.

Conclusion:

The Office of Internal Audit is committed to continuously collaborating with management in identifying, reviewing, improving, and updating policies, procedures, and processes on a regular basis, and enhancing efficiencies and process effectiveness.

The Office of Internal Audit encourages management and staff to continue striving to meet the target completion dates of audit recommendations.

Authored by:
Sabrina Cook, Research Coordinator
The Office of Internal Audit

Reviewed by:
Darshan Janda, Senior Advisor
The Office of Internal Audit

Approved by:
Sunny Kalkat, Director
The Office of Internal Audit

Submitted by:
David Barrick
Chief Administrative Officer

Attachments:
Appendix 1: Audit Recommendations as of December 31, 2019

Report authored by: Sabrina Cook
Appendix 1: Audit Recommendations as of December 31, 2019

<table>
<thead>
<tr>
<th>Audit Report</th>
<th>Rating</th>
<th>Year</th>
<th>Recs</th>
<th>Completed</th>
<th>Deferred</th>
<th>Not Yet Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Handling and Revenue-Cassie Campbell</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Community Centre</td>
<td>2017</td>
<td>8</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>2</td>
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<tr>
<td>Human Resources Salary Administration</td>
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<td></td>
<td>2017</td>
<td>13</td>
<td>12</td>
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<tr>
<td>Building Permits</td>
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<tr>
<td></td>
<td>2017</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Review of Logical Access Management</td>
<td>N/A</td>
<td>2018</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td></td>
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<tr>
<td>Building Inspections</td>
<td></td>
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<tr>
<td></td>
<td>2018</td>
<td>4</td>
<td>2</td>
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<td>-</td>
<td>2</td>
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<tr>
<td>By-Law Enforcement/Parking Infractions</td>
<td></td>
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<tr>
<td></td>
<td>2018</td>
<td>13</td>
<td>7</td>
<td>6</td>
<td>-</td>
<td></td>
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<tr>
<td>Fire and Emergency Services</td>
<td></td>
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<tr>
<td></td>
<td>2018</td>
<td>14</td>
<td>11</td>
<td>1</td>
<td>2</td>
<td></td>
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<tr>
<td>Corporate Security</td>
<td></td>
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<tr>
<td></td>
<td>2018</td>
<td>14</td>
<td>12</td>
<td>-</td>
<td>1</td>
<td>1</td>
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<tr>
<td>Road Resurfacing</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>15</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td>IT Service Desk</td>
<td></td>
<td>2019</td>
<td>10</td>
<td>3</td>
<td>-</td>
<td>7</td>
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<tr>
<td>Mobile Phone Management Follow-Up</td>
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<tr>
<td></td>
<td>2019</td>
<td>13</td>
<td>4</td>
<td>-</td>
<td>3</td>
<td>6</td>
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<tr>
<td>Payroll Services</td>
<td></td>
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<tr>
<td></td>
<td>2019</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Construction- Countryside Dr. Road Widening</td>
<td></td>
<td>2019</td>
<td>13</td>
<td>11</td>
<td>1</td>
<td></td>
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<tr>
<td>Active Directory</td>
<td></td>
<td>2019</td>
<td>8</td>
<td>2</td>
<td>5</td>
<td>1</td>
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<tr>
<td>HR Recruitment Follow-Up</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>2019</td>
<td>11</td>
<td>5</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Cash Handling and Revenue- Chris Gibson</td>
<td></td>
<td>2019</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Recreation Centre</td>
<td></td>
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<td></td>
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<tr>
<td>Contracted Cleaning</td>
<td></td>
<td>2019</td>
<td>11</td>
<td>-</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Review of Councillor Budget and Staffing Model</td>
<td>N/A</td>
<td>2019</td>
<td>4</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>178</strong></td>
<td><strong>92</strong></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>
Report
Audit Committee
The Corporation of the City of Brampton
March 10, 2020

Date: January 3, 2020

Subject: Corporate Fraud Prevention Hotline Update

Contact: Sunny Kalkat, Director, Office of Internal Audit, 905-874-2215, satinder.kalkat@brampton.ca

Recommendation:

1. That the report titled: Corporate Fraud Prevention Hotline Update (I 23/2020), to the Audit Committee Meeting of March 10, 2020, be received.

Overview:

- The Corporate Fraud Prevention Hotline (“Fraud Hotline”) was launched on July 4, 2016 for the use of City of Brampton employees;

- Since the launch, the Fraud Hotline has received a total of 41 reports of alleged fraud. Since the last update to Audit Committee on November 19, 2019, 9 reports were received by the Fraud Hotline. Internal Audit conducted investigations of all 9 reports and has closed them;

- Between January 1 and December 31, 2019, 18 reports were received by the Fraud Hotline, all of which were investigated by Internal Audit, and 17 of these reports have been closed. In 2018, 12 reports were received by the Fraud Hotline; this represents a 50% increase in 2019; and

- Internal Audit will provide ongoing updates on the status of the Fraud Hotline to the Audit Committee.

Background:

As part of the City of Brampton’s (“the City”) commitment to protecting its assets, a Fraud Framework to prevent, detect, and report incidents of fraud, as well as investigate any suspected acts of fraud, was established. On July 4, 2016 the City launched the Corporate Fraud Prevention Hotline, which allows City employees to report alleged incidents of fraud. The Fraud Hotline allows employees to report incidents anonymously.
and confidentially 24 hours a day, seven days a week. To report an incident of suspected fraud, employees can submit a report through the third-party secure website or over the phone through a third-party dedicated toll-free number.

As a result of low activity related to the Fraud Hotline and the number of new employees joining the City, the Fraud Framework was re-launched in 2018, consisting of the updated Fraud Prevention Policy and the Fraud Hotline. The Fraud Framework complements other existing Policies, which taken together, are intended to support and strengthen the City’s commitment to the Corporate Values of courage, trust, compassion, and integrity.

Internal Audit performs its assurance and consulting activities guided by a philosophy of adding value to improve the operations of the City of Brampton. As part of this commitment, Internal Audit has created and maintains an Employee Fraud Awareness Program, providing employees with tools and information and encouraging the use of the Fraud Hotline, if required, so that employees feel empowered to do the right thing to ensure the City’s assets are protected.

**Current Situation:**

Internal Audit updates the Audit Committee on the status of the Fraud Hotline, including statistics on the number and types of reports received. Since the update report was presented at the November 19, 2019 Audit Committee, the Fraud Hotline has received 9 new reports.

The following table provides a summary of all reports received between October 1 and December 31, 2019 (Q4).

*Table 1: Reports Received between October 1-December 31, 2019*

<table>
<thead>
<tr>
<th>Date Submitted</th>
<th>Report Category</th>
<th>Report Method</th>
<th>Report Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2019</td>
<td>Undefined</td>
<td>Web</td>
<td>Closed</td>
</tr>
<tr>
<td>October 2019</td>
<td>Undefined</td>
<td>Web</td>
<td>Closed</td>
</tr>
<tr>
<td>October 2019</td>
<td>Manipulation or Falsification of Data</td>
<td>Web</td>
<td>Closed</td>
</tr>
<tr>
<td>October 2019</td>
<td>Workplace Harassment</td>
<td>Web</td>
<td>Closed</td>
</tr>
<tr>
<td>October 2019</td>
<td>Organizational Change</td>
<td>Web</td>
<td>Closed</td>
</tr>
<tr>
<td>November 2019</td>
<td>Undefined</td>
<td>Web</td>
<td>Closed</td>
</tr>
<tr>
<td>November 2019</td>
<td>Undefined</td>
<td>Web</td>
<td>Closed</td>
</tr>
<tr>
<td>December 2019</td>
<td>Conflict of Interest</td>
<td>Web</td>
<td>Closed</td>
</tr>
<tr>
<td>December 2019</td>
<td>Workplace Harassment</td>
<td>Transcribed</td>
<td>Closed</td>
</tr>
</tbody>
</table>
Corporate Implications:

Financial Implications:
The 2019 operating budget approved by Council, includes amounts for a third-party to operate the Corporate Fraud Prevention Hotline.

Other Implications:
None

Strategic Plan:

This report achieves the Strategic Plan priority of Good Government through the support of the Corporate Fraud Prevention Policy and Fraud Hotline which promotes Corporate accountability, our Corporate Values, and governance best practices.

Conclusion:

The Corporate Fraud Prevention Policy and Hotline enhances and strengthens the City’s governance structure. It reinforces Council’s expectations regarding rules of behavior and emphasizes the values of the City. The Office of Internal Audit will continue to update the Audit Committee on the status of the Fraud Hotline and any ongoing and/or completed fraud investigations.

Authored by:    Reviewed by:
________________________    ________________________
Sabrina Cook, Research Coordinator    Darshan Janda, Senior Advisor
The Office of Internal Audit    The Office of Internal Audit

Approved by:    Submitted by:
________________________    ________________________
Sunny Kalkat, Director    David Barrick
The Office of Internal Audit    Chief Administrative Officer
Date: February 27, 2020

Subject: Internal Audit Work Plan – 2020

Contact: Sunny Kalkat, Director, Office of Internal Audit, 905-874-2215, satinder.kalkat@brampton.ca

Recommendations:

1. That the report titled: Internal Audit Work Plan- 2020 (I 27/2020), to the Audit Committee Meeting of March 10, 2020, be received.

Overview:

- The 2020 Internal Audit work plan is developed using a risk-based approach which included input from senior management (in progress), issues from previous audits, evaluation of audit results and risk assessments.

- The objective of performing audits is to add value to improve the operations of the City as well as assist the City in accomplishing its objectives.

- On a regular basis, Internal Audit reviews and updates the work plan as needed based on current information, concerns and discussions with the leadership team, issues identified and risk reviews.

- This report provides Audit Committee the Audit Work Plan for 2020.

- Currently, the Internal Audit department is in the process of hiring one Cyber Security Expert and two full time and one part time auditors. The proposed plan of 2020 has taken this into consideration.

Background:

The Internal Audit annual work plan was developed using a risk-based approach as outlined in the Internal Audit Charter. Several factors are taken into consideration in developing the Audit work plan such as:
• Risk assessment results;
• Last time the area/process was audited;
• Results of previous audits;

Internal Audit is focused on performing an objective assessment of evidence to provide an independent opinion as to the effectiveness and efficiency of a process or system in order to assist departmental management in achieving their business objectives and goals.

The results of audits performed are communicated to the Audit Committee and the Leadership Team to provide information to assist them in carrying out their governance responsibilities.

Internal Audit also conducts consulting engagements at the request of management. Consulting services include advice, facilitation, and training. For this activity, the nature and scope of the engagement are agreed upon between management and the Office of Internal Audit. The objective is for the Office of Internal Audit to add value and help improve an organization’s risk management and control processes without assuming management responsibility. The results of consulting engagements are reported to departmental management.

The annual Audit work plan will be reviewed on a regular basis and may be adjusted based on any information, issues, or concerns that have been identified. Updates and changes to the Audit work plan will be communicated to the Audit Committee.

Current Situation:

The 2020 Audit work plan (Appendix A) sets out the priorities of the Internal Audit function that are reflective of the City of Brampton’s strategic goals, objectives, concerns, and priorities, integrated and coordinated with a corporate risk assessment. The annual Audit work plan is comprised of operational audits, investigations, and follow up reviews.

Any changes to the Audit work plan may require the removal or deferral of a project identified within this report or alternatively, the hiring of an outside auditor to perform the audit. Any changes throughout the year will be communicated to the Audit Committee.

Internal Audit activities will be conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The specific scope of each project will be determined during the engagement’s planning phase.
Corporate Implications:

Financial Implications:
N/A

Other Implications:
N/A

Term of Council Priorities:

This report achieves the Strategic Plan priority of Good Government through the support of the Corporate Fraud Prevention Policy and Fraud Hotline, which promotes Corporate accountability, our Corporate Values, and governance best practices.

Conclusion:

The Internal Audit work plan will be reviewed on a regular basis and updated if needed. Our intention is to keep the Audit work plan agile and flexible, ensuring that identified risks are appropriately addressed. The Audit work plan is designed to add value to the organization and provide the highest standard of professional, independent and timely solutions in partnership with City departments.

Authored and recommended by:     Approved and Submitted by:
________________________     ______________________
Sunny Kalkat, CPA, CGA     David Barrick
Director, The Office of Internal Audit      Chief Administrative Officer

Attachments:

Appendix A: Internal Audit Work Plan 2020
### Appendix A: Internal Audit Work Plan 2020

<table>
<thead>
<tr>
<th>#</th>
<th>Title</th>
<th>Audit Objective</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brampton Transit</td>
<td>The annual operating budget for Brampton Transit is $174M, and is one of several major services provided to the residents of Brampton. The main objective of the audit is to ensure that: policies and procedures are in place and adhered to, the operations are streamlined and transparent, proper processes are in place to ensure all costs and revenue are accounted for, and the budgets are properly maintained and variances are properly analyzed and approved.</td>
<td>Due to the size of the operations, the following significant areas of the operations will be reviewed. Governance Procurement-Purchase vs. Lease -Outsourcing vs. Own Fleet. Revenue-Marketing (Advertising) Revenue -Operating Revenue. Fuel Management Process. Maintenance Process-Internal and External. Training and Licensing Process. Inventory Management (Fleet and spare parts ) Depreciation. Disposals.</td>
</tr>
<tr>
<td>2</td>
<td>Building Design and Construction</td>
<td>To ensure that: proper policies and procedures are in place, resources are properly utilized, proper and transparent process exist to award tenders, project costing is properly reviewed and approved on a timely basis, and budgets are regularly monitored during the projects. Proper controls are in place for change management.</td>
<td>Governance Award of Tender and Site Management Project Costing Contract Administration Scaffolding Fraud Analysis Change Order Management</td>
</tr>
<tr>
<td>3</td>
<td>Real Estate Management</td>
<td>Risks and control objectives surrounding the assets regarding Real Estate Investment and Ventures. This includes purchased assets, leased assets, foreclosed properties, low income housing as owned, investment through purchases, or for sale. Cost benefit analysis.</td>
<td>Renting vs. Ownership Analysis Leasing Process (in and out) Billing Process Lease Payment Process Bank Loan Review Depreciation Disposals (if applicable)</td>
</tr>
<tr>
<td>#</td>
<td>Title</td>
<td>Audit Objective</td>
<td>Scope</td>
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<tr>
<td>4</td>
<td>P-Card Management</td>
<td>Purchasing Cards (P-cards) are used for a significant portion of Corporate expenses. Large spending limits are awarded to card holders. There is a risk of misappropriation of funds and fraudulent use of the cards. Currently, there are 419 P-cards and the total spend in 2019 using these cards was $11Million.</td>
<td>Adequate policies and procedures exist. P-Cards are properly authorized. Users are properly trained and required to sign off on the user acceptance criteria. P-Cards are cancelled after employment is terminated. P-Cards are only used for business purposes. Purchases are properly reviewed and approved. P-Cards payments are properly reconciled.</td>
</tr>
</tbody>
</table>
| 5  | Compensation Benefits                     | Proper policies and procedures are in place to provide proper benefits to users. All distribution payments are authorized and accounted for. Employee paid portion of premium is accurately accounted for. Actuarial valuations and other benefits activity is reviewed. Payments made for self assured benefits are properly reconciled. Investment gains and losses are accurately recorded. Workman Compensation Management. | Governance
All eligible, but only eligible employees, dependents, and retirees receive the benefits for which they are enrolled. All plans are administered in a cost-effective and efficient manner; and in accordance with plan provisions and all applicable laws and regulations. Data is kept confidential. All cost are accounted for accurately and timely on the Payroll System and General Ledger. All payments to Benefit Plan Providers are paid in accordance with contracts, supported, authorized and accounted for on General Ledger All plans are properly funded Worker's compensation accruals (case reserves and IBNR (incurred but not reported)) amounts are accurately recorded in the financial statements. |
| 6  | Insurance Providers                       | Proper service providers are selected for all benefits including ASO (Administrative Services Only), LTD, STD, and Life insurance.                                                                                  | Review the insurance carrier process to ensure the following:
• Contracts are not locked for long periods of time;
• Proper quotes are received from various insurers;
• All quotes are given appropriate review by selection committee;                                                       |
<table>
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<tr>
<th>#</th>
<th>Title</th>
<th>Audit Objective</th>
<th>Scope</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>• Selected carriers are discussed and approved by appropriate senior management;</td>
<td>• Strong policies and procedures exist at the organization level.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Benchmarking is completed with other municipalities in order to stay competitive;</td>
<td>Contract negotiation, execution, and implementation activities adhere to policies and procedures.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cost benefit analysis is completed and provided to senior management to determine the employee paid vs City paid benefit premium arrangements;</td>
<td>Economies of scale are attained where applicable.</td>
</tr>
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<td></td>
<td></td>
<td>• Reviews are conducted by third parties (actuaries) to ensure that the proper value is received for the premium amounts paid by the organization; and</td>
<td>Fair and transparent tender and quote processes are in place to award contracts.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pension funds and investments are reviewed by a qualified third party.</td>
<td>Budget vs. actual are properly monitored on a regular basis.</td>
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<td></td>
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<td></td>
<td>Over-spends are properly analyzed and approved.</td>
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<td></td>
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<td></td>
<td>Contingency funds are reserved and accounted for.</td>
</tr>
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<td></td>
<td>All surplus amounts are accounted for.</td>
</tr>
<tr>
<td>7</td>
<td>Contract Management</td>
<td>No audit has been completed for the contract management process as a whole. Currently, there are around 2300 active contracts in place. To determine if contract management process exist at the organization level to ensure that policies and procedures are consistently followed. Best value of money is attained while implementing the contracts.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Segregation of Duties</td>
<td>To ensure that proper segregation of duties exist to safeguard City assets.</td>
<td>Review segregation of duties in the following areas:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Accounts Payable</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Accounts Receivable</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>IT</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>HR and Payroll</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Inventory Management</td>
</tr>
<tr>
<td>#</td>
<td>Title</td>
<td>Audit Objective</td>
<td>Scope</td>
</tr>
<tr>
<td>----</td>
<td>-------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 9  | Cyber Maturity Assessment and Vulnerability Assessment | To manage information security within the organization.  
To provide management direction and support for information security in accordance with business requirements and relevant laws and regulations.  
To manage information security within the organization.  
To maintain the security of the organization's information and information processing facilities that are accessed, processed, communicated to, or managed by external parties. | Set a clear policy direction in line with business objectives and demonstrate support for, and commitment to, information security through the issue and maintenance of an information security policy across the organization.  
Develop a framework to initiate and control the implementation of information security within the organization.  
Review the information security policy, assign security roles, and coordinate and review the implementation of security across the organization.  
Ensure that the security of the organization's information and information processing facilities must not be reduced by the introduction of external party products or services. Any access to the organization's information processing facilities and processing and communication of information by external parties is controlled. |
<p>| 10 | Asset Management/End of Life Management    | To assess the effectiveness and efficiency of the processes to determine adequacy of controls, compliance to policies, and procedures | Gap analysis of the processes and tools in place to identify, document, track, and monitor assets, including software, as well as the resourcing requirements for this process. |
| 11 | Data Architecture and Management           | To assess the effectiveness and efficiency of the processes to determine adequacy of controls, compliance to policies, and procedures | Gap analysis to assess the adequacy of data governance processes and controls that ensure there are no variances in the integrity, quality and/or usability of data which would have implications on business decisions that may potentially impact safety, privacy and customer service. |</p>
<table>
<thead>
<tr>
<th>#</th>
<th>Title</th>
<th>Audit Objective</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>IT Assurance and Risk Management</td>
<td>To assess the effectiveness and efficiency of the processes to determine adequacy of controls, compliance to policies, and procedures.</td>
<td>Gap analysis to assess the adequacy of process and controls to manage IT risks within the City of Brampton, including: - Identifying, documenting, monitoring and reporting of IT Risks, - Reporting of IT Risk metrics to senior management; and - Resolution of actions arising from information security audits, reviews, and self-assessments.</td>
</tr>
<tr>
<td>13</td>
<td>Fleet employees Driver Licensing and Certification (DCP)</td>
<td>To fulfil provincial requirement (MTO)</td>
<td>Conduct a review to ensure all drivers are properly trained, certified, and carry active licenses to operate the designated vehicles.</td>
</tr>
</tbody>
</table>
Executive Summary:

The Data Centre Audit was identified in the 2019 Audit Work Plan. The period covered by this audit was September 1, 2018 to August 31, 2019. Ernst & Young LLP were engaged by the Office of Internal Audit (OIA) to perform the audit. The scope of the audit and criteria for evaluating the audit findings were provided by OIA.

Data centres house the computer equipment and associated components which support the computing needs of an organization, such as computer servers, networking equipment, and data storage media. Server rooms serve the same purpose as data centres, but may not be located in buildings dedicated to that purpose.

The objective of the audit was to assess whether controls to address risks associated with data centres facilities had been designed and implemented. IT infrastructure, physical infrastructure and security are managed by Digital Innovation and IT, Facilities Maintenance and Security Services respectively.

Overall Rating:

The overall audit rating is Effective.

No significant gaps in control coverage or significant control weaknesses were identified in the audit. The enhancements described in the Findings section, would, if implemented allow for better mitigation of the related risks. The details of these enhancements are described in the Findings section of this report.

1. Limited integration of data centre processes with the IT incident and change management processes. Changes to the data centre facilities environment may not be appropriately assessed or approved by appropriate IT personnel. P3
Background:

The data centres in scope for this audit were built by the City of Brampton’s Facilities department and are operated by the Digital Innovation & Information Technology department to support IT systems used by the City.

Audit Scope and Objectives:

The scope of the audit included the following areas:

- Physical security controls
- Site selection and layout
- Data centre personnel access management
- Environmental security and power redundancy
- Data centre facilities practices
- Data backup infrastructure
- Integration of data centre-specific processes, with the IT change and incident management processes
- Management reporting

NOT included in the scope of the audit were the following:

- Health and safety measures
- IT change management policies and procedures
- IT incident management policies and procedures
- Cloud services
- Backup services
- IT service continuity, disaster recovery and business continuity planning

The objectives of the audit were to assess whether controls at the data centres were appropriately designed and implemented to address risks associated with the areas identified above. Risks were also assessed in the context of their potential impact to the services they host.

Findings and Recommendations:

Ernst & Young LLP had the following finding:

**Limited Integration of Data Centre Processes with the IT Incident and Change Management Processes**

**Change Management**

There is no formal process for coordinating changes performed by Facilities Maintenance with IT Change Management. Each group has a change management processes. The Corporate Services IT change management process ensure changes are planned, documented, approved by management and coordinated with all
stakeholders. Changes to the physical data centre environment are managed by the Facilities Maintenance and are documented in work orders.

Changes to the data centre environment by Facilities Maintenance may not be assessed by appropriate IT personnel for unexpected impacts or scheduling conflicts between equipment changes and IT system upgrades/projects.

Incident Management

Similar to Change Management, there is no formal process for coordinating incident management. As a result, incidents to the data centre environment may not be managed in accordance with Corporate Services incident management requirements. This may also result in service impacts or downtime in excess of service level agreements or objectives for the services supported.

Recommendations:

1. Consider implementing a requirement for all data centre facilities or security changes to be coordinated with the IT change management process. Certain routine or low risk changes, such as monthly maintenance, may be considered pre-authorized.
2. Consider requiring facilities or security incidents impacting the data centre be recorded in the IT incident management processes.

Management’s Response:

<table>
<thead>
<tr>
<th>Rec. #</th>
<th>Management Action</th>
<th>Person Responsible</th>
<th>Target Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Advised property to create heat ticket for any and all visits to any datacenter to change or modify or fix any item. The same applies to incidents.</td>
<td>Manager, Data Centre and Cloud</td>
<td>Completed</td>
</tr>
<tr>
<td>2</td>
<td>See recommendation #1 above.</td>
<td>Manager, Data Centre and Cloud</td>
<td>Completed</td>
</tr>
</tbody>
</table>

Other Matters:

Limited processes and controls were identified in the following areas however, due to nature of the data centre environment and the relatively low likelihood and impact of related events, they are reported as Other Matters only:

1. The nature and extent of reporting on data centre operations is limited and not conducted at a regular frequency. This includes periodic review of IT and
mechanical power draw against capacity, cooling loads, as well as recent changes, incidents and problems. Due to the low power and cooling requirements in comparison to available capacity, lack of plans for data centre expansion, and infrequent changes and incidents in the data centres, the lack of reporting on these matters does not present a risk.

(2) Procedures for external parties to access the data centres are not defined. This includes requirements for pre-authorization, verification of identity and wearing of visitor badges, for maintenance personnel, visitors, etc. Due to the relatively limited number of external parties accessing the facilities, and the fact that they are escorted, this observation is not a finding.

Conclusion:

The objective of the audit was to assess the effectiveness of controls around physical and environmental security measures, user access management, backup media management, change management, incident management, management reporting, and adherence to leading practices for managing computing facilities.

The finding above represent an audit rating of Effective. No significant gaps in control coverage or significant control weaknesses were identified in the audit however, the enhancements described in the recommendations, would, if implemented allow for better mitigation of the related risks.

The Office of Internal Audit of the City of Brampton recognizes the efforts of Digital Innovation and Information Technology to remediate findings and implement recommendations.

Approved by:

________________________
Sunny Kalkat, Director
The Office of Internal Audit

Appendices:

Appendix A: Criteria for Audit Report Rating
Appendix B: Criteria for Evaluating Audit Findings
The audit report rating is intended to provide management with an indication of the overall status of internal controls and processes in the audited area. The audit report rating is based on Internal Audit's overall assessment of the significance of issues identified during the audit process, and in conjunction with professional judgement also considers the following:

1. Design and effectiveness of internal controls, processes, procedures, policies, and systems.
2. Compliance with policies, standard operating procedures, and other requirements (i.e. legal, regulatory, accounting, contractual).
3. Quality of the data and information provided by management and related systems.
4. Efficiency of systems, processes and procedures.

| Effective | - Key controls are adequately and appropriately designed, and are operating effectively to support objectives and manage risks.  
- Audit recommendations resulted in only minor enhancements to the effectiveness or efficiency of controls and processes.  
- One or more Priority 3 findings.  
- Insignificant cumulative financial impact when all audit findings have been considered.  
- Audit findings would not be subject to a follow-up by Internal Audit. |
| --- | --- |
| Enhancement Required | - A few key control weaknesses were noted that require enhancements to better support objectives and manage risks.  
- One Priority 2 finding and Priority 3 findings.  
- Priority 3 findings only where the cumulative financial impact is significant.  
- Corrective action and oversight by management is needed.  
- Audit findings could be subject to a follow-up by Internal Audit. |
| Significant Improvement Required | - Numerous key control weaknesses were noted that require significant improvement to support objectives and manage risks.  
- One Priority 1 finding, or more than one Priority 2 findings and Priority 3 findings.  
- Priority 2 and 3 findings only where the cumulative financial impact is significant.  
- Corrective action and oversight by senior management is required.  
- Audit findings will be subject to a follow-up by Internal Audit. |
| Immediate Action Required | - Key controls are either not adequately or appropriately designed and are not operating effectively, or there is an absence of appropriate key controls to support objectives and manage risks.  
- More than one Priority 1 finding, combined with Priority 2 or 3 findings.  
- Regardless of the type of findings, the cumulative financial impact is material to the City's financial statements.  
- Confirmed fraud by management or staff.  
- Corrective action and oversight by Corporate Leadership Team is required immediately.  
- Follow-up of such audit findings by Internal Audit would be of high priority. |
Appendix B: Criteria for Evaluating Audit Findings

Priority 1 (P1)

**One or more** of the following conditions exist that require **immediate attention of the Corporate Leadership Team**. Corrective actions by senior management must be implemented.

- Financial impact of both actual and potential losses is material.
- Management's actions, or lack thereof, have resulted in the compromise of a key process or control, which requires immediate significant efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks. Failure by management to remedy such deficiencies on a timely basis will result in the City being exposed to immediate risks and/or financial loss.
- One or more of the following conditions is true: i) management failed to identify key risks; ii) management failed to implement processes and controls to mitigate key risks.
- Management's actions, or lack thereof, have resulted in a key initiative to be significantly impacted or delayed, and the financial support for such initiative will likely be compromised.
- Management failed to implement effective control environment or provide adequate oversight, resulting in a negative pervasive impact on the City or potential fraudulent acts by City staff.
- Fraud by management or staff, as defined by the Corporate Fraud Prevention Policy (policy 2.14).

Priority 2 (P2)

**One or more** of the following conditions exist that require attention by senior management. Corrective actions by management should be implemented.

- Financial impact of both actual and potential losses is significant.
- Management's actions, or lack thereof, may result in a key process or control to be compromised, which requires considerable efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks.
- Management correctly identified key risks and have implemented processes and controls to mitigate such risks, however, one or more of the following is true: i) the processes and controls are not appropriate or adequate in design; ii) the processes and controls are not operating effectively on a consistent basis.
- Management's actions, or lack thereof, have impacted or delayed a key initiative, and the funding for such initiative may be compromised.
- Management failed to provide effective control environment or oversight on a consistent basis, resulting in a negative impact on the respective division, or other departments.
- Management failed to comply with Council-approved policies, by-laws, regulatory requirements, etc., which may result in penalties.
- Management failed to identify or remedy key control deficiencies that may impact the effectiveness of anti-fraud programs.

Priority 3 (P3)

**One or more** of the following conditions exist that require attention by management. Corrective actions by management should be implemented.

- Financial impact of both actual and potential losses is insignificant.
- A non-key process or control if compromised may require some efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks.
- Processes and controls to mitigate risks are in place; however, opportunities exist to further enhance the effectiveness or efficiency of such processes and controls. Management oversight exists to ensure key processes and controls are operating effectively.
- Minimal risk of non-compliance to Council-approved policies, by-laws, regulatory requirements, etc.
- Low impact to the City's strategic or key initiative.
- Low impact to the City's operations.