

Tuesday, June 16, 2020

Members Present via Electronic Meeting Participation:

Regional Councillor M. Medeiros – Wards 3 and 4 (Chair)
Regional Councillor R. Santos – Wards 1 and 5 (Vice Chair)
Regional Councillor G. Dhillon – Wards 9 and 10 (arrived at 3:24 p.m.
– personal)
City Councillor J. Bowman – Wards 3 and 4
City Councillor H. Singh – Wards 9 and 10
Rishi Jain
Abid Zaman

Members Absent:

Regional Councillor M. Palleschi – Wards 2 and 6 (personal)
City Councillor D. Whillans – Wards 2 and 6 (personal)
Iqbal Ali (personal)

Staff Present:

D. Barrick, Chief Administrative Officer
R. Forward, Commissioner, Planning and Economic Development
J. Pittari, Commissioner, Legislative Services
D. Boyce, Acting Commissioner, Community Services
B. Boyes, Fire Chief, Fire and Emergency Services
D. Soos, Deputy City Solicitor, Corporate Support Services
S. Kalkat, Director, Office of Internal Audit
D. Sutton, Treasurer, Corporate Support Services
P. Fay, City Clerk
C. Gravlev, Deputy City Clerk
S. Pacheco, Legislative Coordinator, City Clerk's Office

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Note: In consideration of the current COVID-19 public health orders prohibiting public gatherings of more than 10 people and requirements for physical distancing between persons, in-person attendance at this Audit Committee meeting was limited to Members of Council and essential City staff only. Physical distancing was maintained in Council Chambers at all times during the meeting.

The meeting was called to order at 3:01 p.m. and recessed at 3:14 p.m. Committee moved into Closed Session at 3:24 p.m. and recessed at 3:45 p.m. Committee reconvened in Open Session at 3:53 p.m. and adjourned at 4:14 p.m.

1. Call to Order

As this meeting of Audit Committee was conducted with electronic participation by Members, the meeting started with the City Clerk calling the roll for attendance at the meeting, as follows:

Members present during roll call: Councillor Santos, Councillor Bowman, Councillor Medeiros, Councillor Singh, Rishi Jain, Abid Zaman

Members absent during roll call: Councillor Palleschi, Councillor Dhillon, Councillor Whillans, Iqbal Ali

2. Approval of Agenda

The following motion was considered.

AU012-2020 That the agenda for the Audit Committee Meeting of June 16, 2020, be approved as published and circulated.

Carried

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

4. Consent

The following items listed with an asterisk (*) were considered to be routine and non-controversial by the Committee and were approved at one time.

(nil)

5. Delegations/Presentations – nil

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6. Reports – Internal Audit

6.1. Staff Report re: Internal Audit Charter (R 143/2020)

D. Barrick, Chief Administrative Officer, responded to questions from Committee regarding the proposed new model for the Internal Audit Charter, and explained how it differs from the ‘auditor general’ model. He added that the proposed internal audit model aligns with the City’s by-laws and policies.

Questions were raised regarding the proposed changes outlined in the subject report, specifically the proposed reporting structure for the Office of Internal Audit, and the potential impact of this structure on the independence and objectivity of the internal audit function.

In response to questions from Committee, D. Soos, Deputy City Solicitor, Corporate Support Services, advised that Committee may move into closed session to receive legal advice on this matter, under the following open session meeting exceptions under Section 239 (2) of the *Municipal Act, 2001*:

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

Committee agreed to vary the order of business and considered Closed Session matters at this time.

The following motion was considered.

AU013-2020 That Committee proceed into Closed Session to discuss matters pertaining to the following:

- 11.1. The security of the property of the municipality or local board
- 11.2. 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

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

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- 11.1 – This item was considered by Committee in Closed Session and no direction was given to staff
- 11.2 – This item was considered by Committee in Closed Session and no direction was given to staff. It was further advised by the City Clerk that the open session meeting exception under the *Municipal Act, 2001* re. litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board, was incorrectly identified as an open meeting exception reason for closed session consideration of this matter and not applicable to this item.

Following Closed Session, Committee proceeded to consider the agenda items.

The following motion was considered.

AU014-2020 That the report titled: **Internal Audit Charter (R 143/2020)**, to the Audit Committee Meeting of June 16, 2020, be **deferred** to the next Audit Committee Meeting, scheduled to take place on September 8, 2020.

Carried

6.2. Staff Report re: **Annual Report – 2019 (I 61/2020)**

In response to a question from Committee, staff advised that the deferral of Item 6.1 does not impact the subject report.

The following motion was considered.

AU015-2020 That the report titled: **Annual Report – 2019 (I 61/2020)**, to the Audit Committee Meeting of June 16, 2020, be received.

Carried

6.3. Staff Report re: **Status of Management Action Plans (MAPs) – March 31, 2020 (I 60/2020)**

The following motion was considered.

AU016-2020 That the report titled: **Status of Management Action Plans (MAPs) – March 31, 2020 (I 60/2020)**, to the Audit Committee Meeting of June 16, 2020, be received.

Carried

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6.4. Staff Report re: **Corporate Fraud Prevention Hotline Update (I 62/2020)**

Committee discussion took place with respect to the subject report, and included the following:

- Request that additional information be provided on reports of alleged fraud (e.g. affected departments, final disposition of reports)
- Request for an update at the next meeting on reports that remain open due to office closures resulting from the COVID-19 emergency
- Protection from reprisals for employees that report an incident of suspected fraud

The following motion was considered.

AU017-2020 That the report titled: **Corporate Fraud Prevention Hotline Update (I 62/2020)**, to the Audit Committee Meeting of June 16, 2020, be received.

Carried

6.5. Staff Report re: **Purchasing Card Governance and Transaction Review Audit (I 59/2020)**

The following motion was considered.

AU018-2020 That the report titled: **Purchasing Card Governance and Transaction Review Audit (I 59/2020)** to the Audit Committee Meeting of June 16, 2020, be received.

Carried

6.6. Staff Report re: **IT Asset Management – End User Computing Audit (I 65/2020)**

The following motion was considered.

AU019-2020 That the report titled: **IT Asset Management – End User Computing Audit (I 65/2020)**, to the Audit Committee Meeting of June 16, 2020, be received.

Carried

6.7. Staff Report re: **Rose Theatre Audit (I 64/2020)**

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The following motion was considered.

AU020-2020 That the report titled: **Rose Theatre Audit (I 64/2020)**, to the Audit Committee Meeting of June 16, 2020, be received.

Carried

7. Reports – Finance

7.1. Staff Report re: Procurement Options – External Audit Services (I 69/2020)

D. Sutton, Treasurer, Corporate Support Services, advised Committee that accountant services are exempt from the procurement processes set out in the Purchasing By-Law, and sought direction from Committee on whether to proceed with a competitive procurement or re-appoint KPMG through direct negotiation, for external audit services.

Committee discussion on this matter included the following:

- Indication that KPMG LLP has been the City's auditor for the last 30 years, through a combination of competitive procurements and Council-approved extensions
- Value of the external audit services contract
- Indication that the last competitive procurement took place in 2013
- Benefits of undertaking a competitive process, for transparency and to remove perception of bias

The following motion was considered.

- AU021-2020
1. That the report titled: **Procurement Options – External Audit Services (I 69/2020)** to the Audit Committee Meeting of June 16, 2020, be received; and
 2. That the Chief Purchasing Official be requested to initiate a competitive bid process for External Audit Services.

Carried

8. Other/New Business – nil

9. Question Period – nil

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10. Public Question Period – nil

The public was given the opportunity to submit questions via e-mail to the City Clerk's Office regarding any decisions made at this meeting.

P. Fay, City Clerk, confirmed that no questions were submitted.

11. Closed Session

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

11.2. Advice that is subject to solicitor-client privilege, including communications necessary for that purpose

Note: Added during consideration of Item 6.1

See Item 6.1 – Recommendation AU013-2020

12. Adjournment

The following motion was considered.

AU022-2020 That the Audit Committee do now adjourn to meet again on Tuesday, September 8, 2020 at 9:30 a.m. or at the call of the Chair.

Carried

Regional Councillor M. Medeiros, Chair