Minutes

Audit Committee

The Corporation of the City of Brampton

Tuesday, November 24, 2020

Members Present:	Regional Councillor M. Medeiros Regional Councillor R. Santos Regional Councillor M. Palleschi Regional Councillor G. Dhillon City Councillor J. Bowman City Councillor D. Whillans City Councillor H. Singh Iqbal Ali Abid Zaman
Members Absent:	Rishi Jain
Staff Present:	Sunny Kalkat, Director, Internal Audit Peter Fay, City Clerk Charlotte Gravlev, Deputy City Clerk Chandra Urquhart, Legislative Coordinator

1. Call to Order

Note: In consideration of the current COVID-19 public health orders prohibiting large public gatherings of 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 9:34 a.m. and recessed at 10:59 a.m. Committee moved into Closed Session at 11:10 a.m., recessed at 11:42 a.m., reconvened in Open Session at 11:55 a.m., and adjourned at 11:59 a.m.

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

Members present during roll call: Councillor Medeiros, Councillor Santos, Councillor Palleschi, Councillor Dhillon, Councillor Bowman, Councillor Singh, Councillor Whillans, Iqbal Ali, Abid Zaman

Members absent during roll call: Rishi Jain (regrets)

Others present: Councillor Vicente, Councillor Fortini

Note: Councillor Whillans left the meeting at 11:30 a.m. (other municipal business)

2. Approval of Agenda

AU032-2020

That the agenda for the Audit Committee Meeting of November 24, 2020 be approved.

Carried

3. Declarations of Interest under the Municipal Conflict of Interest Act

Nil

4. Consent

Nil

5. Presentations\Delegations

5.1 Delegation from Kevin Travers, Partner, KPMG LLP Chartered Accountants, re: KPMG Audit Plan for the 2020 Fiscal Year

Item 7.1 was brought forward and dealt with at this time.

Kevin Travers, Partner, and Maria Khoushnood, Audit Senior Manager, KPMG LLP Chartered Accountants, provided an overview of the executive summary of the Audit Plan for the 2020 Fiscal Year and advised that the plan is presented from a risk base perspective noting the impacts of COVID-19 on the City's business. The following was highlighted:

- Group audit scope include
  - The Brampton Public Library Board
  - Downtown Brampton Business Improvement Area
  - The Corporation of City of Brampton Trust Funds
- COVID-19: Embedding Resilience & Readiness
- Audit Materiality – used to scope the audit and identify risks
- Key deliverables and milestones
- New audit standards
- Audit quality and transparency
- Current developments – accounting

Mr. Travers provided clarification with respect to the following:

- Whether or not it was common practice for the budget process to have accurate audit numbers prior to budget
- Whether more focus will be placed on the impact of Covid-19 in the financial reporting in the future

The following motion was considered:

AU033-2020

1. That the delegation from Kevin Travers, Partner, KPMG LLP Chartered Accountants, to the Audit Committee Meeting of November 24, 2020, re: **KPMG Audit Plan for the 2020 Fiscal Year** be received;

2. That the report titled: **KPMG Audit Plan for the 2020 Fiscal Year**, to Audit Committee meeting of November 24, 2020, be received; and

3. That the **Audit Planning Report for the Year Ending December 31st, 2020,** prepared by KPMG LLP**,** Chartered Accountants (KPMG LLP) to the Audit Committee meeting of November 24, 2020, be received.

Carried

5.2 Staff Presentation, re: Internal Audit

S. Kalkat, Director, Internal Audit, provided a presentation on the Internal Audit role and function in the organization. The following topics were highlighted:

- Internal Audit - Overview
- Internal Audit - Independent Assurance
- IA Plan 2021 - Pending Approval
- Approach - Detailed Activities
- Audit Requests - Protocols and Escalations

Committee discussion took place and staff responded to questions with respect to the following:

- The criteria followed to determine that an audit may be deferred or delayed at a later date includes factors around and risk
- Explanation for previously deferred audits regarding IT and Realty Services

The following motion was considered:

AU034-2020

That the presentation by S. Kalkat, Director, Internal Audit, re: **Internal Audit Presentation**, to the Audit Committee Meeting of November 24, 2020, be received.

Carried

6. Reports - Internal Audit

6.1 Staff Report re: Internal Audit Work Plan – 2021

S. Kalkat, Director, Internal Audit, responded to questions and comments from Committee including the following:

- Reference to the items listed on the work plan and whether it includes 'carryover' items from 2020, and timelines for completion
- Expansion of the scope of the review re item #5
- Request for follow-up information on HR recruitment and benefits

Ms. Kalkat advised that an update will be provided at a future meeting on the issues raised by Committee.

The following motion was considered:

AU035-2020

That the report by S. Kalkat, Director, Internal Audit, re: **Internal Audit Work Plan- 2021**, to the Audit Committee Meeting of November 24, 2020, be received.

Carried

6.2 Staff Report re: Status of Management Action Plans (MAPs) – September 30, 2020

S. Kalkat, Director, Internal Audit, responded to questions regarding the delay of the 2019 payroll services item given the financial impact on the audit process. She noted that an update with respect to completion timelines will be will be provided at a future meeting.

The following motion was considered:

AU036-2020

That the report by S. Kalkat, Director, Internal Audit, re: **Status of Management Actions Plans-September 30, 2020**, to the Audit Committee Meeting of November 24, 2020, be received.

Carried

6.3 Staff Report re: Corporate Fraud Prevention Hotline Update

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

- Request for an overview of the final disposition of reports received through the fraud prevention hotline
- Questioned whether the hotline is also available to external parties, such as City vendors and residents
- Indication that the hot line is available to all City employees and the understanding that it is available externally

- Suggestion that staff consider the merits to advertise the hotline through other avenues to the public
- An indication that staff will undertake benchmarking on the practice within other municipalities regarding the availability of the hotline to the public
- Process for handling reports that may relate to management while ensuring confidentiality of individuals
- Request for information on the current practice with respect to the protection of employee 'whistle blowers'
- Rebranding the hotline to encourage reporting that would include unethical activities
- Process for dealing with complaints on HR matters that are not fraud related and the need to reassure staff and the public that complaints are taken seriously
- Expression of support for the promotion of the fraud hotline and the need for transparency in the City's hiring and business operations
- Suggestion that new City staff to be advised through the on-boarding process of the availability and purpose of the Fraud Prevention Hotline

S. Kalkat, Director, Internal Audit, advised that all complaints received through the Corporate Fraud Prevention Hotline are investigated and outlined the process for these investigations. She advised that Committee will be updated at a future meeting on the issues raised and comments/suggestions provided.

A motion to approve the recommendation in the staff report was introduced, as amended, to add the following clauses:

> That the Director of Internal Audit be requested to research and report, to the next meeting of the Audit Committee, on:

1) the potential for external promotion and access to the Fraud Prevention Hotline; and

2) the whistle-blower protection scheme in place at the City.

The motion in its entirety was consider as follows:

AU037-2020

1. That the report titled: **Corporate Fraud Prevention Hotline Update**, to the Audit Committee Meeting of November 24, 2020, be received;

2. That the Director of Internal Audit be requested to research and report, to the next meeting of the Audit Committee, on:

   i.) the potential for external promotion and access to the Fraud Prevention Hotline; and

   ii.) the whistle-blower protection scheme in place at the City.

Carried

6.4 Staff Report re: Deferral of Data Architecture and Management Audit

The following motion was considered:

AU038-2020

That the report by S. Kalkat, Director, Internal Audit, re: **Deferral of Data Architecture and Management Audit**, to the Audit Committee Meeting of November 24, 2020, be received.

Carried

6.5 Staff Report re: Deferral of Realty Services Audit

The following motion was considered:

AU039-2020

That the report by S. Kalkat, Director, Internal Audit, re: **Deferral of Realty Services Audit** to the Audit Committee Meeting of November 24, 2020, be received.

Carried

6.6 Staff Report re: Transit Operations Audit Report

Alex Milojevic, General Manager, provided comments on the report that included the following:

- Overview of Transit operations during COVID-19 and its challenges
- Details on revenue collected and reconciliation
- Fare evasion or 'non-payment' of fares by riders and difficulty to enforce and monitor – confirmation that almost 99 percent or riders pay fares
- Corrective action undertaken in the four areas identified for improvements
- Categorizing the entire department as requiring significant improvement viewed as 'unfair '

S. Kalkat, Director, Internal Audit, acknowledged that Transit staff have undertaken to corrective action on the areas identified for improvements. A follow-up report will be presented to Committee with information on the measures taken to address the areas identified that require improvements.

Committee complimented Transit staff on the handling of Transit operations given the 'significant challenges' they encountered and continue to face during COVID-19.

The following motion was considered:

AU040-2020

1. That the report by S. Kalkat, Director, Internal Audit, re: **Transit Operations Audit Report** to the Audit Committee Meeting of November 24, 2020, be received.

2. That the **Audit Planning Report for the Year Ending December 31st, 2020**, prepared by KPMG LLP, Chartered Accountants (KPMG LLP) to the Audit Committee meeting of November 24, 2020, be received.

Carried

7. Reports - Finance

7.1 Staff Report re: KPMG Audit Plan for the 2020 Fiscal Year

Dealt with under Item 7.1 – Recommendation AU033-2020

8. Other/New Business

Nil

9. Question Period

Nil

10. Public Question Period

Nil

11. Closed Session

AU041-2020

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

11.1. Open Meeting exception under Section 239 (2) (a) of the Municipal Act, 2001:
The security of the property of the municipality or local board.

11.2. Open Meeting exception under Section 239 (2) (a) of the Municipal Act, 2001:
The security of the property of the municipality or local board.

11.3. Open Meeting exception under Section 239 (2) (a) of the Municipal Act, 2001:
The security of the property of the municipality or local board.

Carried

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

11.1. This item was considered by Committee in Closed Session and direction was given to staff to introduce a motion in Open Session. See Recommendation AU042-2020.

11.2. This item was considered by Committee in Closed Session and direction was given to staff to introduce a motion in Open Session. See Recommendation AU043-2020.

11.3. This item was considered by Committee in Closed Session and no direction was given to staff

The following motion was considered with respect to Item 11.1

AU042-2020

1. That this item referenced as Appendix 3 in Closed Session be considered as part of the open session report listed on the agenda as Item 6.2. **Status of Management Actions Plans-September 30, 2020** and be made available to the public in its entirety;

2. That the report be received.

Carried

The following motion was considered with respect to Item 11.2.

AU043-2020

1. That the portion of the report pertaining to the matter on Segregation of Duties, as determined by the Director, Internal Audit, be considered in open session and be made available to the public; and,

2. That the open session report be received.

Carried

12. Adjournment

The following motion was considered:

AU044-2020

That the Audit Committee do now adjourn to meet again for a Regular Meeting on February 23, 2021 at 9:30 a.m. or at the call of the Chair.

Carried

_____

P. Brown, Mayor

_____

P. Fay, City Clerk