



Regular Meeting Agenda
Audit Committee

The Corporation of the City of Brampton

Tuesday, February 23, 2021

9:30 a.m.

Council Chambers - 4th Floor, City Hall - Webex Electronic Meeting

Members:

Regional Councillor M. Medeiros	Wards 3 and 4
Regional Councillor R. Santos	Wards 1 and 5
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
Iqbal Ali	Citizen Member
Rishi Jain	Citizen Member
Abid Zaman	Citizen Member

NOTICE: In consideration of the current COVID-19 public health orders prohibiting large public gatherings and requiring physical distancing, in-person attendance at Council and Committee meetings will be limited to Members of Council and essential City staff only. Public attendance at meetings is currently restricted. It is strongly recommended that all persons continue to observe meetings online or participate remotely.

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. Call to Order
2. Approval of Agenda
3. Declarations of Interest under the Municipal Conflict of Interest Act
4. Consent

In keeping with Council Resolution C019-2021, agenda items will no longer be pre-marked for Consent Motion approval. The Meeting Chair will review the relevant agenda items during this section of the meeting to allow Members to identify agenda items for debate and consideration, with the balance to be approved as part of the Consent Motion given the items are generally deemed to be routine and non-controversial.

5. Presentations\Delegations

6. Reports - Internal Audit

- 6.1. Staff Report, re: Corporate Fraud Prevention Hotline Update

To be received

- 6.2. Staff Report, re: Status of Management Action Plans (MAPs) – December 31, 2020

To be received

- 6.3. Staff Report, re: Building Design and Construction - Diagnostic Review

To be received

7. Reports - Finance

8. Other/New Business

- 8.1. Staff Report re: Data and Analytics Strategy Implementation Update

To be received

9. **Question Period**

10. **Public Question Period**

5 Minute Limit (regarding any decision made under this section)

During the meeting, the public may submit questions regarding recommendations made at the meeting via email to the City Clerk at cityclerksoffice@brampton.ca, to be introduced during the Public Question Period section of the meeting.

11. **Closed Session**

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

- 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.

12. **Adjournment**

Next Regular Meeting: Tuesday, May 4, 2021

Date: 2021-02-10

Subject: Corporate Fraud Prevention Hotline Update

Contact: Sunny Kalkat, Director, Internal Audit, 905-874-2053,
satinder.kalkat@brampton.ca

Report Number: CAO's Office-2021-162

Recommendations:

1. That the report titled: **Corporate Fraud Prevention Hotline Update**, to the Audit Committee Meeting of February 23, 2021, 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 77 reports of alleged fraud. Since the last update to Audit Committee on November 24, 2020, 29 new reports were received by the Fraud Hotline;
- Internal Audit will provide ongoing updates on the status of the Fraud Hotline to the Audit Committee; and
- At the November 24, 2020 Audit Committee Meeting, Internal Audit was asked to explore the possibility of expanding the Fraud Hotline to residents of Brampton. Appendix 1 of this report outlines our findings.

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, employees should 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 24, 2020 Audit Committee Meeting, the Fraud Hotline has received 29 new reports.

The majority of reports received in Q4 were concerning the Public Works and Engineering department, except the two that were concerning the Human Resources (HR) division. The nature of all reports were HR related issues. None of the reports were regarding any monetary fraud, misuse of City assets, and/or theft. To create awareness regarding fraud and HR matters, the Corporate Fraud Prevention policy will be updated and will be submitted for your review and approval.

When the complaints are created, the complainer has the option to select one of the report categories available in the system. Although various categories were selected, a detailed review of all complaints determined that none of the complaints were about fraud. All complaints were about HR practices.

The following table provides a summary of all reports received between October and December (Q4) 2020.

Table 1: Reports Received October-December 2020

New Reports Submitted as of Q4 2020			
Date Submitted	Report Category	Report Method	Report Status
November 2020	Unethical Conduct	Web	Closed
November 2020	Unethical Conduct	Web	Closed
November 2020	Harm to People	Web	Closed
November 2020	Harm to People	Web	Closed
November 2020	Unethical Conduct	Web	Closed
November 2020	Unethical Conduct	Web	Closed
November 2020	Unethical Conduct	Web	Closed
November 2020	Embezzlement or Fraud	Web	Closed
November 2020	Workplace Harassment	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Conflict of Interest	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Manipulation or Falsification of Data, Records, Contracts	Web	Closed
December 2020	Manipulation or Falsification of Data, Records, Contracts	Web	Closed
December 2020	Unethical Conduct	Web	Closed
December 2020	Miscellaneous	Web	Closed
December 2020	Organizational Change	Web	Closed
December 2020	Miscellaneous	Web	Closed

Corporate Implications:

Financial Implications:

The 2020 operating budget approved by Council, includes amounts for a third-party to operate the Corporate Fraud Prevention Hotline.

Other Implications:

None

Term of Council Priorities:

This report fulfills the Council Priority of ‘Brampton is a well-run city’ through the support of the Corporate Fraud Prevention Policy and Fraud Hotline, which promote 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. 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:

Sabrina Cook, Research Coordinator
Internal Audit

Reviewed and approved by:

Sunny Kalkat, Director
Internal Audit

Submitted by:

David Barrick
Chief Administrative Officer

Attachments:

Appendix 1: Corporate Fraud Prevention Hotline

Corporate Fraud Prevention Hotline

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.

At the Audit Committee meeting of November 24th, 2020, Internal Audit was asked to inquire about the possibility of extending the Fraud Prevention Hotline service to residents of the city of Brampton.

Current Situation:

The City of Brampton's Corporate Fraud Prevention Hotline service is provided by an independent third party. The annual fee is \$16,000. Internal Audit administers all the received complaints and delegates them to other divisions as appropriate.

To report an incident of suspected fraud, City employees can submit a report through the third-party secure website (internet, not intranet) or over the phone through a third-party dedicated toll-free number. Currently, the service is not extended to residents of Brampton, however, due to the fact that the service is internet based, anyone who knows the name of the service can file a complaint online. So far, there is no record of any complaints from the residents of Brampton, other than employees.

The three year contract with the service provider will be completed in March 2021.
The renewal terms are as follows:

Scenario	Description	Other Information	Pricing for 2021
Option 1	City staff only	Web and phone	\$16,000 (same as 2020)
Option 2	City staff and residents	Web and phone (staff); Web only for citizens	Staff: \$16,000 Residents: \$6,000
Option 3	City staff and residents	Web and Shared phone number	Staff: \$16,000 Residents: \$9,000
Option 4	City staff and residents	Web and Two separate phone numbers	Staff: \$16,000 Residents: \$9,500

These costs are quoted by the service provider. If service is expanded to the residents of Brampton, call volume will go up. Extra resources may be required to manage the service.

The City has a Fraud Prevention policy and Standard Operating Procedure (SOP). Both of these documents are available on the City's intranet for staff to access as needed.

In order to provide Audit Committee with information about expanding the Fraud Hotline to Brampton residents, Internal Audit has reviewed the Fraud and Waste Hotline services provided by other municipalities in Ontario, and our observations can be found in the section below.

Benchmarking:

During our review of other municipalities in Ontario, we observed that the following three cities in Ontario have a Fraud Hotline service available to employees and residents:

- Hamilton, Ontario
- Ottawa, Ontario
- Toronto, Ontario

The City of Mississauga does not have this service available to the residents of Mississauga. The service is only available to the employees of the City of Mississauga.

Further review of these cities identified the following:

City of Hamilton

Hamilton has a City Auditor who administratively reports to the City Manager and functionally reports to City Council. The Fraud Hotline service is provided by an independent third party and is managed by the Office of the City Auditor, an independent and objective office accountable to Council. The Office of the City Auditor reviews and assesses each report to ensure it was made in good faith, and if necessary, launches an investigation. The Office of the City Auditor conducts an objective and impartial assessment of each report, regardless of the alleged wrongdoer's position, title, length of service, or relationship with the City.

The City has advertised this service by using platforms such as the City website, Twitter, Facebook, their local newspaper (The Guardian) and paid advertisements as well.

This service was launched in July 2019. The report issued in June 2020 had 99 calls. 45 calls were from employees and 55 calls came from non-employees. 31 calls were investigated, and eight calls were considered as fraud investigations.

Along with a policy and Administrative Directive, the City of Hamilton has a Whistleblower By-Law.

The City of Hamilton has a team of seven auditors. Initial assessments are completed by one of the auditors. Calls are reviewed and processed as per nature of the calls. Human Resources (HR) deals with workplace harassment issues, and the Human Rights team within HR deals with hiring practices and any diversity related issues. The Office of City Auditor deals with fraud issues. If outside assistance is required to complete the investigation, the individual departments are charged those fees, as appropriate.

City of Ottawa

The Fraud and Waste Hotline is a confidential and anonymous service that allows City employees and members of the general public to report suspected or witnessed cases of fraud or waste. It does not apply to the Mayor, City Councilors, or their political office staff, the Ottawa Police Services Board, the Board of Health for the City of Ottawa Public Health Unit and Ottawa Public Health, or the Ottawa Community Housing Corporation.

The City of Ottawa issued a Fraud and Waste Hotline report in October 2020 and confirmed that 224 complaints were received. No segregation is completed between employee and public calls.

The City of Ottawa has a By-Law for the Office of the Auditor General that covers the responsibility of the Fraud and Waste Hotline.

The Hotline is not run by City of Ottawa staff; information is collected by an independent company and passed on to the City's Auditor General who reviews each case and investigates

when appropriate. There are seven employees in the office of Auditor General, including two Deputy Auditor Generals, three Senior Auditors, and one Internal Auditor.

City of Toronto

The City of Toronto's Fraud & Waste Hotline Program is operated by the Forensic Unit of the Auditor General's Office. The Fraud and Waste Hotlines is managed by the Auditor General's Office, and the general public, City staff, and anyone doing business with the City can report suspected fraud, waste, or wrongdoing involving City resources. The service is provided by an independent third party, and complaints can be made by using the hotline phone service, an email directly to the Auditor General, or by letter mail sent directly to the City as well. There is a team of 8 employees including one Director, two Senior Managers, two Managers and three junior staff to manage this service. In 2020, the City of Toronto received more than 850 calls. On average less than 50% of the calls are substantiated. No distinction is made between employee and non-employee calls. Appropriate divisions within the City can be also asked to investigate if the calls are substantiated, and Internal Audit is also available to assist.

All HR related calls are forwarded to HR and not reported as a part of the Fraud Prevention Hotline. For unionized employees, HR related matters are resolved as per their grievance agreements.

The Fraud and Conflict of Interest Policy is consolidated into the Public Service By-Law (Chapter 192 of the Municipal Code). Also article IV (Conflict of Interest), VI (Disclosure of Wrongdoing), and VII (Reprisal Protection) are all related to the work that the Fraud and Waste Hotline performs.

Date: 2021-01-26

Subject: **Status of Management Action Plans (MAPs) – December 31, 2020**

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

Report Number: CAO's Office-2021-219

Recommendations:

1. That the report titled: **Status of Management Actions Plans-December 31, 2020**, to the Audit Committee Meeting of February 23, 2021, be received.

Overview:

- As part of the internal audit follow-up process, departments are required to provide Internal Audit with an update on current status and progress of all outstanding MAPs;
- The objective of this report is for Internal Audit to inform Audit Committee members on the progress of the implementation of MAPs, as reported by management;
- The comments reflect the status of the implementation of MAPs due to be completed by or prior to December 31, 2020;
- As of December 31, 2020, 24 MAPs were implemented by management and 9 MAPs have been deferred;
- Internal Audit may validate results at a subsequent date as part of the follow-up audit process; and
- Details concerning the individual MAPs 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, 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 Internal Audit on the progress of implementing agreed-upon MAPs. 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 MAPs 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 MAPs due to be implemented by management on or prior to December 31, 2020.

Current Situation:

As of December 31, 2020, 24 MAPs were implemented by management on or prior to this date. 9 MAPs were deferred. Some of the MAPs are deferred due to software/system updates that are in the process of being implemented. The remaining MAPs identified as "not yet due" have anticipated completion dates between Q1 2021 and early 2022. The following table details the open and deferred MAPs.

Open MAPs at Q3 2020	New MAPs in Q4 2020	MAPs Completed in Q4 2020	Open MAPs end of Q4 2020	MAPs Deferred in Q4 2020	MAPs Due by Q1 2021-Q1 2022
56	0	24*	32	9	23

*Out of the 24 completed MAPs, one was completed in advance, so the remaining open MAPs are only 30 (and not 32).

Please refer to **Appendix 1** for the details of the MAPs as of December 31, 2020.
Please refer to **Appendix 2** for a detailed list of the status of the MAPs as of December 31, 2020.

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 MAPs, which promotes corporate accountability, values, and governance best practices.

Conclusion:

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.

Internal Audit encourages management and staff to continue striving to meet the target completion dates of Management Action Plans.

Authored by:

Sabrina Cook, Research Coordinator
Internal Audit

Reviewed and approved by:

Sunny Kalkat, Director
Internal Audit

Attachments:

Appendix 1: Management Action Plans as of December 31, 2020









Appendix 2: Management Action Plan Status Details as of December 31, 2020
















As of December 31, 2020							
Audit Report	Rating	Year	MAPs open Q4 2020	MAPs Due at Q4	Completed	Deferred	Not Yet Due
Building Permits		2017	1	1	-	1	-
Building Inspections		2018	1	1	-	1	-
Corporate Security		2018	1	1	1	-	-
IT Service Desk		2019	1	1	-	1	-
Mobile Phone Management Follow-Up		2019	4	4	4	-	-
Payroll Services		2019	10	10	10	-	-
Construction- Countryside Dr. Road Widening		2019	1	1	-	1	-
HR Recruitment Follow-Up		2019	2	-	-	-	2
Contracted Cleaning		2019	1	-	-	-	1
Review of Councillor Budget and Staffing Model	N/A	2019	2	2	2	-	-
Fleet Services		2019	1	1	-	1	-
HR Benefits (Phase 1)		2019	3	-	-	-	3
Rose Theatre Operations		2020	2	2	1	1	-
Asset Management		2020	3	2	-	2	1
Contract Management		2020	1	1	1	-	-
Segregation of Duties		2020	1	1	-	1	-
Transit Operations		2020	9	3	3	-	6
Cyber Security Assessment	N/A	2020	10	1	2*	-	8
Building Design & Construction	N/A	2020	2	-	-	-	2
TOTAL			56	32	24	9	23






























Note:

* indicates recommendations completed in advance of their target completion dates.

APPENDIX 2- Management Action Plan Status Details as of December 31, 2020

Legend			
In progress		Completed	
Completed		In progress- deferred/delayed	
Deferred		In progress- on time	
In progress- delayed			
Expected completion			

Audit and Finding/Issue	Q4 2020	Q1 2021	Q2-Q4 2021
Building Permits Permit Review and Issuance Process			
Building Inspections Performance Metrics			
Corporate Security Physical Access Controls (employee access)		x	x
IT Service Desk Out of Hours System Issues are not Recorded			x
Mobile Phone Management The current mobile device technology management processes do not reflect the changing environment		x	x
Mobile Phone Management The current mobile device technology management processes do not reflect the changing environment		x	x
Mobile Phone Management Personal usage reporting is a manual process and is unsustainable		x	x
Mobile Phone Management Personal usage reporting is a manual process and is unsustainable		x	x
Payroll Decentralized Ownership of Employee Data that Supports the Payroll Processing		x	x
Payroll Decentralized Ownership of Employee Data that Supports the Payroll Processing		x	x

Audit and Finding/Issue	Q4 2020	Q1 2021	Q2-Q4 2021
Payroll Awareness of accountability for Time and Attendance Data Entry	 ↑	x	x
Payroll Awareness of accountability for Time and Attendance Data Entry	 ↑	x	x
Payroll Awareness of accountability for Time and Attendance Data Entry	 ↑	x	x
Payroll Vacation and Leave Balances Calculation	 ↑	x	x
Payroll Vacation and Leave Balances Calculation	 ↑	x	x
Payroll Vacation and Leave Balances Calculation	 ↑	x	x
Payroll Use of KPIs to Track Performance and Address Root Causes	 ↑	x	x
Payroll Use of KPIs to Track Performance and Address Root Causes	 ↑	x	x
Construction Monthly Reporting to Senior Management	 ↓	 ↓	
HR Recruitment Policies & Procedures Require Review and Update	 ↓		x
HR Recruitment Policies & Procedures Require Review and Update	 ↓		x
Review of Councillor Budget and Staffing Model Process & Policy: Expense Claims	 ↑	x	x
Review of Councillor Budget and Staffing Model Inconsistent Documentation: Expenses	 ↑	x	x
Fleet Services Frozen Vehicle Data Units	 ↓		x
HR Benefits (Phase 1) Policies & Procedures are not current	 ↓	 ↓	
HR Benefits (Phase 1) Validation of Practitioners for STD	 ↓	 ↓	
HR Benefits (Phase 1) Validation of Practitioners for STD	 ↓	 ↓	
Rose Theatre Operations Rental deposit and outstanding amounts are not consistently collected from rental clients	 ↑	x	x

Audit and Finding/Issue	Q4 2020	Q1 2021	Q2-Q4 2021
Rose Theatre Operations Standard Operating Procedures (SOPs) are not complete or current	● ↓	○	x
Contract Management Standard Operating Procedures (SOPs) are not current	● ↑	x	x
Contracted Cleaning Contract Terms & Conditions	● →	○	x
Asset Management Ineffective automated asset discovery and management tool	● ↓	○	x
Asset Management Key person dependency risk	● →	● →	○
Asset Management Lack of oversight over electronic card access and physical door keys	● ↓	○	x
Segregation of Duties Employees suspended in April on a temporary basis still retained their access to sub-systems in addition to only network and email	● ↓	○	x
Transit Operations Scrap Sales & Potential Exposure	● →	○	x
Transit Operations Inventory Parts Identification Process	● →	○	x
Transit Operations Physical Inventory Management	● →	○	
Transit Operations Inventory management systems are not integrated	● →	● →	2022
Transit Operations Standard operating procedures are not current	● ↑	x	x
Transit Operations Monitoring fuel inventory volumes and fuel usage reconciliation	● ↑	x	x
Transit Operations Fare Collection and Enforcement	● →	● →	○
Transit Operations Transit Accident Claims Process	● ↑	x	x
Transit Operations Attendance cards Mechanics and Stock Keepers	● →	● →	○
Cyber Security Patch management deficiencies	● →	● →	○
Cyber Security Password strength	● →	● →	○

Audit and Finding/Issue	Q4 2020	Q1 2021	Q2-Q4 2021
Cyber Security Limited security awareness training and testing	● →	● →	○
Cyber Security No reporting on spoofing mail services	● →	○	x
Cyber Security Limited network segregation	● →	● →	○
Cyber Security Limited network traffic decryption/ inspection	● →	● →	2022
Cyber Security An ongoing vulnerability assessment program is not in place	● ↑	x	x
Cyber Security Phishing tests are not performed across the organization	● →	● →	x
Cyber Security Segregation of cybersecurity duties	● ↑	x	x
Cyber Security IT Service Continuity Management Planning is in its early stages of development	● →	● →	○
Building Design & Constructions SOP Development & Identification of Mandatory Documentation	● →	● →	○
Building Design & Construction Compliance Review & Training	● →	● →	○

Date: 2021-02-01

Subject: **Building Design and Construction- Diagnostic Review**

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

Report Number: CAO's Office-2021-205

Recommendations:

1. That the report titled: **Building Design and Construction – Diagnostic Review** to the Audit Committee Meeting of February 23, 2021, be received.

Overview:

- A Building Design and Construction (BDC) Audit was one of the audits of the 2020 Internal Audit plan;
- Preliminary audit work commenced in September and BDC management advised that they are currently working on updating the Standard Operating Procedures (SOPs) and implementing the E-Builder application under the direction of a newly appointed Director;
- Internal Audit sampled five projects and opportunities for improvement were identified to enhance procedures and maintain a minimum set of documents for each type of the projects; and
- A decision was made to complete a Diagnostic Review in lieu of the planned audit due to the fact that management is in the process of establishing a framework. We have advised management that a full scope audit of the project management design phase will be conducted in the later part of 2021. Once the design is fully implemented an operational audit will be completed in 2022, in order to ensure that the framework is carried out as planned.

Background:

As a part of the approved 2020 Internal Audit work plan, Internal Audit (IA) was scheduled to perform a Building Design and Construction audit in Q4 2020. The objective of this engagement was to assess the effectiveness and efficiency of Building Design and Construction processes to determine adequacy of internal controls and compliance with policies, procedures and legislation.

The period under review was all active projects during 2020 and completed projects from January 1, 2018 to June 30, 2020.

Current Situation:

BDC management is currently working on updating the Standard Operating Procedures (SOPs) and implementing the E-Builder application under the direction of a newly appointed Director.

A new framework will be developed identifying mandatory documentation requirements for each project management phase and is expected to be in place by Q4 2021.

For the five projects sampled, the following was noted:

- Inconsistent approach to maintaining project documentation (such as Cost Control Sheet, Project Information Package, Budget Tracker, and Project Completion Checklist);
- Periodic monitoring/site progress updates were not complied with;
- Incomplete change management logs; and
- Warranty and close out documentation was either not filed or incomplete.

Considering that the full scope audit engagement was changed to a diagnostic review, Internal Audit will conduct a full scope audit of the project management design phase in the later part of 2021. Once the design is fully implemented, then an operational audit will be completed in 2022.

Please refer to appendix 1 for the letter issued to the Acting Commissioner of Public Works & Engineering, advising of the audit's deferral.

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 function, which promotes corporate accountability, values, and governance best practices.

Conclusion:

Internal Audit is committed to being a collaborative partner and ensuring audits conducted provide value to management. Due to current work being done by the management to update SOPs and implement E-Builder application full scope audit has split into two phases. The design phase review will be completed in Q4, 2021 and effectiveness of design phase will be completed in 2022.

Authored by:

Darshan Janda, Manager
Internal Audit

Reviewed and approved by:

Sunny Kalkat, Director
Internal Audit

Submitted by:

David Barrick
Chief Administrative Officer

Attachments:

Appendix 1: Building Design and Construction - Diagnostic Review

January 29, 2021

To: David Bottoni, Director, Building Design and Construction

Subject: **Building Design and Construction Diagnostic Review**

Executive Summary:

Internal Audit conducted an independent review of the processes of Building Design and Construction (BDC), a division of Public Works and Engineering. BDC manages professional design and construction subject matter expertise and services for all City-owned facilities.

Good project management is critical to ensure effective processes/controls, efficient services, and to obtain best value for money.

Overall Results:

Internal Audit completed a diagnostic review in lieu of the planned audit, as the division is currently working on updating the standard operating procedures and implementing the E-Builder application under the direction of a newly appointed Director.

Due to the changed nature of the engagement, five projects were sampled and opportunities for improvement were identified to enhance procedures and maintain a minimum set of documents for each type of the projects.

Background:

Building Design and Construction (BDC) is a division of the Public Works and Engineering department at the City of Brampton. BDC manages professional design and construction subject matter expertise and services for all City-owned facilities.

BDC provides project management services including the administration of contracts ensuring the Contractors and Consultants comply with the terms and conditions in their agreements.

The BDC division provides services in the following areas:

- Interior Design Services (IDS)

- Both on-demand client comfort services and large scale accommodation services and strategies.
- State of Good Repair (SOGR)
 - Maintaining physical assets in a state of good repair (predesign, due diligence, design and/or construction on major additions/renovations)
- New Construction
 - Conduct predesign, due diligence, design and/or construction of new facilities

As of September 28, 2020, active projects included:

Project Type	# of projects	Total Overall Project Forecast
IDS	46	\$13.5M
SOGR	244	\$161.1M
New Construction	41	\$276.9M

Audit Scope and Objectives:

The objective of this engagement was to assess the effectiveness and efficiency of Building Design and Construction processes to determine adequacy of internal controls and compliance with policies, procedures and legislation.

The period under review was all Active Projects during 2020 and completed projects from January 1, 2018 to June 30, 2020.

The scope of this engagement included:

- Proper policies and procedures are in place to provide governance;
- Contracts and projects are effectively managed;
- Project costing is properly reviewed and approved on a timely basis;
- Budgets are regularly monitored during the projects and all variances are analyzed and justified;
- Appropriate controls are in place for change management;
- Contingency funds are properly managed and authorized; and
- Accounting treatment for all expenses are as per the City's Accounting Policy.

Out of scope:

- Effectiveness of Architectural Designs used for the project; and
- Observation of On-Site Construction Activity.

Findings and Recommendations:

1. Governance

Standard Operating Procedures (SOPs)

SOPs and project management templates are critical to ensure the success of project management and comply with organizational expectations. SOPs are also required to meet the requirements at each stage of the process.

Our review of the SOPs indicated that these have not been reviewed since 2014 and are not being currently used.

Contingency Funds

Contingency funds are included within the budget and are typically 10% of the construction budget. The contract price includes the contingency amounts to address any potential change orders.

Currently, the project managers are not required to report the details to account for contingency funds on a project basis. Hence the complete accountability for capital construction spending and appropriate use of contingency funds could not be determined.

Potential Exposure:

- Similar projects can be approached in different ways diminishing the potential benefits from comparing projects and sharing lessons learned and experiences.
- Greater chance of errors and non-compliance.
- Process changes related to safety, health, environmental and operational information may not be communicated properly, and
- Contingency amounts can be used without any significant changes to the requirements.

Recommendations:

1. All SOPs should be reviewed for relevance and updated accordingly (for SOGR, FNDS, Implementation and IDS). All missing SOPs should be properly drafted, reviewed and approved.
2. Change Order logs must be completed when Contingency Funds are used to ensure the transparency. Any remaining balance should be identified for each project and proper accounting treatment should be applied.

2. Project and Contract Management

Project Methodology Templates

There are approximately 70 project management templates related to various phases of the projects, however, the mandatory requirements are to use the following three documents only:

- Project Information Package (PIP),
- Budget Tracker (E-Builder Cost Summary Sheet), and

- Project Completion Checklist since early 2019 (PCC)

A review of the project documentation for the five projects sampled, indicated:

- Three of the five projects did not have the PIP filed and the two that were filed, were not completed or signed.
- Budget Trackers for all five sampled projects did not match the Cost Control Sheet (CCS) and/or financial information in PeopleSoft.
- Four of the five projects sampled had status “completed”, we observed the following:
 - For two of the four projects we could not obtain PCC;
 - For two of the four projects the PCC documents were available, however, they were incomplete and inaccurate.

An Excel based “Cost Control Sheet (CCS)” is used to manage projects and to provide management oversight over the projects. The review of the five sampled projects identified inconsistent approach in usage of this spread sheet.

Management has indicated that E-Builder application is being implemented to replace CCS and other documentation requirements.

Project Oversight

Projects must be monitored on an ongoing basis to ensure that projects are completed on time, within budget, and with the pre-set quality requirements.

A review of the documentation for the four sampled (completed) projects indicated that two of the four projects, did not meet the contractual requirements of periodic monitoring/site progress updates. Consultants are required to provide these updates. For one of the projects we were able to obtain the final inspection report.

Warranty and Close Out

From a sample of four completed projects, three had reached the end of warranty phase. A review of documentation for these three projects indicate the following:

- One of the three samples did not have a warranty walkthrough performed close to the end of warranty period.
- Two of the projects had a warranty walkthrough:
 - One of them had only the sign-in sheet documented; and
 - The other had 3rd party inspection report referencing the warranty site review completed by the inspection company. There was no evidence that the consultant had attended the inspection review.
- Only two of the four completed projects had the close-out/completion checklists.

However, it was noted that the most current project close out checklist was properly completed and signed.

Change Management

A change management log has to be created and updated on a timely basis within the Budget Tracker along with their financial impact, however; the log was only updated for one out of the four (completed) projects.

It was noted that the change notices were filed in the project documentation for all projects, however; the completeness of the change orders could not be verified.

Potential Exposure:

- Not having clear requirements for the documents to be maintained can result in inconsistent approach and missing the critical documentation for important projects.
- When inspections are not carried out properly the issues with the repairs under warranty might not be identified on a timely basis.
- If change log is not maintained and updated timely, completeness of changes could not be confirmed.

Recommendations:

1. Minimum mandatory documentation requirements for each phase (Initiation (State of Good Repair and Facility New Development Services), Execution (Implementation), and Close out) of the project should be identified and management should ensure compliance to such requirements.
2. Clear financial audit trails for the life of the project (from the approval of the budget to the completion of the project) should be maintained and final spending should be reconciled with PeopleSoft. Any variances should be properly accounted and reported.

Management Response

1. SOP Development & Identification of Mandatory Documentation

- SOPs for each section to be drafted, reviewed and approved in accordance and compliance with organizational and divisional expectations, to include:
 - Standardized processes for project management phases (i.e. validation, initiation, execution, close-out, and reconciliation).
 - Management confirmation of mandatory project documentation/templates to be used throughout the life of the project for each group - applicable to their work processes (i.e. change order log, project information package, budget tracker/cost summary, close-out check list, etc.).
- **Tentative completion date beginning of Q4 2021**

2. Compliance Review & Training

- A review of open projects will be completed on a regular basis to ensure mandatory documentation usage, SOP compliance and to confirm staff are working within the requirements of the Project Management Methodologies.
- Financial tracking, project initiation, execution and close-out information will also fall under this semi-annual internal audit by Managers.
- Staff Training will be completed upon roll-out of SOPs, project documentation and reconciliation of project financials.
- **Tentative completion date - BDC internal audits by Management to be scheduled on 5th and 9th month of the year.**
- **Tentative completion date – Staff Training end of Q4 2021.**

Current Situation:

Considering that the full scope audit engagement was changed to a diagnostic review. Internal Audit will conduct a full scope audit of the project management design phase in the later part of 2021. Once the design is fully implemented an operational audit will be completed in 2022.

Regards,

Sunny Kalkat, Director Internal Audit

cc:

David Barrick, Chief Administrative Officer

Jayne holmes, Acting Commissioner, Public Works & Engineering

Date: 2021-02-03

Subject: Data and Analytics Strategy Implementation Update

Contact: Kumanan Gopalasamy, Chief Information Officer (CIO), Corporate Support Services

Report Number: Corporate Support Services-2021-192

Recommendations:

1. That the report titled: **Data and Analytics Strategy Implementation Update**, to the Audit Committee Meeting of February 23rd, 2021, be received.

Overview:

- A Data and Analytics Strategy Report was created and delivered in 2019 by an external consultant to provide a roadmap for implementation.
- Due to resource constraints and COVID-19 priorities the development of an implementation plan was delayed and has now started.
- Utilizing the 'Data and Analytics Strategy Report', a high-level action plan has been developed for year 1(2021) of a 3 year plan to address data governance, data management and analytics.

Background:

Internal Audit's 2018 IT Risk Assessment identified data governance and architecture as high risk. Subsequently, DI&IT engaged an external consultant to build a vision, strategy, metrics and proposed operating model to manage and extract value from Data & Analytics across the City of Brampton. The 'City of Brampton Data and Analytics Strategy Report' identified key activities that needed to be undertaken with detailed descriptions of outcomes required. That report will be used to guide, develop, and implement a long-term strategy for Data and Analytics.

Current Situation:

The 'City of Brampton Data & Analytics Strategy Report' provides an appropriate basis for an action plan suitable for the City to develop and mature a Data & Analytics Program across the City. Using the report as a reference, the process has been adjusted to be able to complete all activities in phases, starting with a proof of concept and working with a business unit and an identified business initiative. The developed methodology from the proof of concept will then be used to create a framework for the remainder of the organization.

For the proposed roadmap to be successful, several key elements are required:

1. Responsible parties need to be identified, provided delegation, and be held accountable for outcomes.
2. Appropriate resourcing is required to enable activities to be successfully undertaken.
 - a. Complete a review of existing data functions and align/restructure appropriately.
 - b. Identify any resource and skills gaps.
3. Business partners need to understand that they are the data owners and DI&IT are the data custodians.
 - a. DI&IT is responsible for managing the data.
 - b. Business owners are responsible for maintaining the quality of the data.

The roadmap has been adjusted, with a focused proof of concept in terms of strategy development and implementation. This will help lay the foundation and build momentum through iterative process improvement and rollout throughout the organization. This is to avoid a costly 'big bang' approach in tackling the entire initiative in one go. The approach we have adopted is to develop and rollout the strategy using a smaller group of business units and then tweak the strategy and roadmap to extend it to the entire organization. The report did not specifically speak to the Open Data initiative; however, as an overall data and analytics strategy we will be including it in the plan. The plan is now re-adjusted to the following:

1. Year 1 Plan – Laying the foundation and building momentum: Limited Scope. Involve a limited set of business data owners to develop a strategy and do a proof of concept.
2. Year 2 Plan – Refinement of strategy and roadmap, roll out to wider scope.
3. Year 3 Plan – Formalize Data Governance and Continuous improvement.—

Please refer to appendix 1 for the Year 1 Plan.

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 development of a Data and Analytics Strategy that will deliver data management, governance and analytics capabilities to extract value from data across the City of Brampton.

Conclusion:

DI&IT has created an action plan for year 1 of the Data & Analytics Strategy implementation and will work with various business units to complete a proof of concept.

This will serve as a basis to further define the plan for subsequent years and roll out the strategy for data governance, data management and analytics to the rest of the Corporation.

Authored by:

Gaea Oake, Program Manager, DI&IT

Reviewed by:

Kumanan Gopalasamy,
Chief Information Officer

Approved by:

Michael Davidson, Commissioner,
Corporate Support Services

Submitted by:

David Barrick
Chief Administrative Officer

Attachments:

Presentation - Data Analytics Strategy Update – Audit Committee

Appendix 1

Data & Analytics Strategy - Implementation Plan

Year -1 Plan: Laying the foundation and building momentum for D&A Strategy

2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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Elaborate on the Data & Analytics Strategy (January – March)

- Develop an Action Plan with timelines (January, 2021)
- Engage a small set of business units (e.g., CAO's Office, Strategic Communications) to review and further develop the action plan
- Align Proof of Concept with an agreed upon Business Outcome/Initiative. (February - March 2021)
 - Document and agree on the business need and scope for Proof of Concept.
- Review datasets and processes for Open Data and collaborate with Strategic Communication to build awareness.

2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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Develop Data and Analytics Strategy – Proof of Concept (April – June)

- Create Proof of Concept Project charter to document and define scope, deliverables, stakeholders, and timeline
- Assess Business and Data capabilities for identified scope of Proof of Concept
- Align the business value for Proof-of-Concept scope with data capabilities to build out the data and analytics strategy.
- Define the data management and data governance components required to deliver the proof-of-concept business value. Including, but not limited to, data quality, access, analytics, visualization, controls.
- Assess existing enabling technologies, identify gaps, and define plans to address them.
- Assess staff skills against the notional target operating model and develop a strategy for improving skills and capabilities
- Assess, improve, and formalize processes for governance, information lifecycles to support the Strategy
- Develop Governance Framework specific to the Proof of Concept, identifying standards, roles, responsibilities, controls, and decision criteria including privacy.
- Estimate budgetary and resource requirements for future phases.

Open Data Engagement - Awareness Campaign

- Work with Strategic Communication to build out the awareness plan; continue to engage internal City Staff and the Public to raise awareness.

2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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Pilot the Governance Framework and D & A Strategy Rollout for Proof of Concept (July – December)

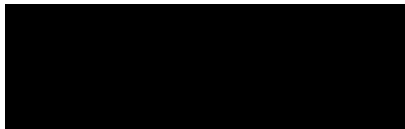
- Deliver defined business outcome and aligned Data & Analytics Strategy components for the proof of concept.
- Gather lessons learned and refine the Strategy and Governance framework as needed
- Develop the plan for Year 2.
- Request any necessary funding through Budget process.
- Assess and commit resources as required.

Data & Analytics Strategy

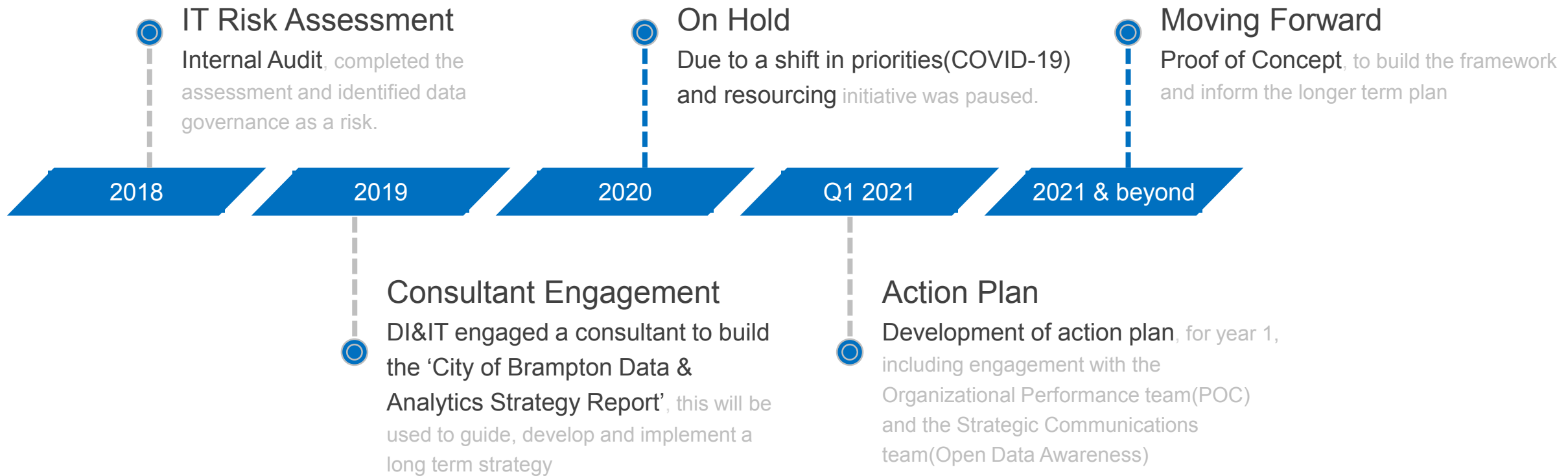
Update

‘...effectively govern and manage city data, using it to make informed decisions enabling the provision of excellent services and experiences to our citizens, partners, and workforce.’

City of Brampton Data Strategy Final Report

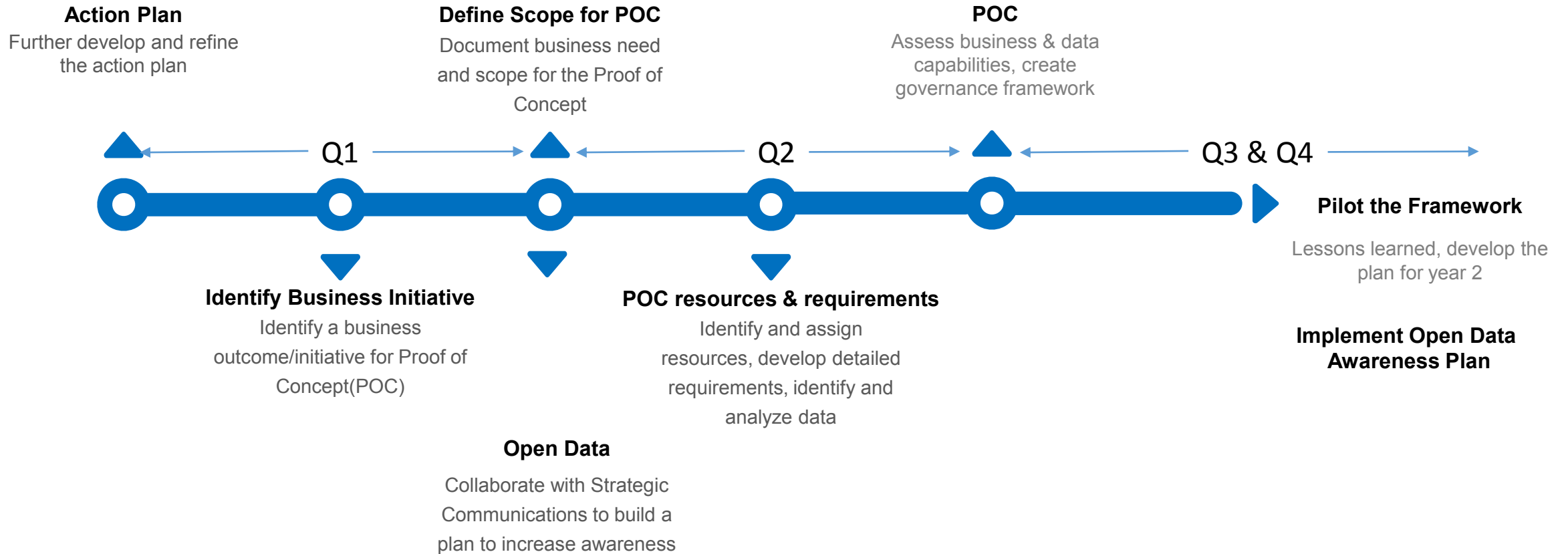


Background



Next Steps

Year 1 – Laying the Foundation
and building momentum



Thank you!

