MA-A3-1

THE REGIONAL MUNICIPALITY OF PEEL

AUDIT COMMITTEE

MINUTES

AC-2013-4

The Audit Committee met on Thursday, September 19, 2013, at 9:04 a.m. in the Council Chamber, Regional Administrative Headquarters, 10 Peel Centre Drive, Suite A, Brampton.

Members Present:	C. Fonseca*; E. Kolb*; J. Sanderson; R. Starr; A. Thompson; R. Whitehead
Members Absent:	Nil
Other Regional Councillors Present:	J. Tovey
Also Present:	D. Szwarc, Chief Administrative Officer; N. Trim, Chief Financial Officer and Commissioner of Corporate Services; Kent Gillespie, Commissioner of Employee and Business Services; D. Labrecque, Commissioner of Public Works; A. Persaud, Director, Internal Audit; K. Lockyer, Director of Clerks and Regional Clerk; H. West, Committee Clerk; J. Schwartz, Acting Legislative Assistant

Chaired by Councillor Whitehead.

1. DECLARATIONS OF CONFLICTS OF INTEREST - Nil

2. APPROVAL OF AGENDA

RECOMMENDATION AC-6-2013:

That the agenda for the September 19, 2013 Audit Committee meeting, be approved.

3. DELEGATIONS

a) **Trevor Ferguson, Partner, Deloitte,** Presenting the 2013 Audit Service Plan

Received

See also Reports - Item 4a

Councillor Fonseca arrived at 9:08 a.m.
E. Kolb arrived at 9:11 a.m.

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* See text for arrivals

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Trevor Ferguson, Partner, Deloitte provided a high level overview of the executive summary of the 2013 Audit Service Plan. Trevor Ferguson noted that Internal Audit staff will provide a report to the Audit Committee this fall regarding fraud and error, to assist with the requirement of communication between the External Auditor and Members of the Audit Committee.

4. REPORTS

a) Deloitte 2013 Audit Service Plan

Received

See also Delegations – Item 3a

b) Procurement Update

Presentation by James Macintyre, Director, Purchasing and Project Management

Received

RECOMMENDATION AC-7-2013:

That the report of the Commissioner of Employee and Business Services, dated July 12, 2013, titled "Procurement Update" be deferred to the November 7, 2013 Audit Committee.

A copy of the presentation is available from the Office of the Regional Clerk.

James Macintyre, Director, Purchasing and Project Management, provided an overview of the Public Sector Procurement process, the procurement strategy, the role of Regional Council as it pertains to procurement and the Purchasing By-law review. He added that It is anticipated that the Purchasing By-law will be presented to Regional Council in fall, 2013.

Councillor Thompson requested Internal Audit report to the Committee during the initial stages to ensure that objectives are achieved, and to validate procedural compliance if increased authority for the Request For Proposals (RFP's) is granted.

Regional Chair Kolb stated that accepting the lowest tender can create challenges when there is poor workmanship and suggested that staff review having to accept the lowest tender. James Macintyre responded that the tender documentation needs more emphasis on vendor experience before an award is provided. Once the award is provided then performance management needs to be executed including a rating system for future vendor evaluation.

Regional Chair Kolb raised concern with increasing the Chief Financial Officer's (CFO) authority to approve RFP's and Direct Negotiations (DN's) from $250,000 to $500,000. He requested supporting documentation to demonstrate that the increased authority is required.

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* See text for arrivals

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Councillor Starr requested further information on the number of RFP's that would not be presented to Regional Council if authority is increased from $250,000 to $500,000. He stated that he had other questions and that he would direct them to staff. Councilllor Starr requested that the report be deferred to the next meeting.

Kent Gillespie, Commissioner of Employee and Business Services responded that further information can be provided to the Committee regarding the number of contracts and procurement activities. He stated that Regional Council needs to address policy decisions and procedures at the front end of the procurement process, prior to the submission of RFP's as once the RFP has been released there is little room to change its direction. Kent Gillespie noted that the majority of Regional procurement is awarded by low bid tender which is not reported to Regional Council unless there is an exception, such as the low bid vendor is not qualified or there is an irregular result. He stated that the objective of the procurement study is to review the procurement process and noted there are three main areas which could be improved on: vendor management; contract administration; and, integrated planning.

In response to a question from Councillor Starr, James Macintyre stated that there would be approximately eight RFP reports that would not be presented to Regional Council if the authority is increased, however there would be a consolidated report presented quarterly or tri-annually to Regional Council to summarize all awarded contracts.

Discussion arose regarding lobbying restrictions and it was requested that Regional staff send out a letter to those on the Regional vendor list to highlight the restrictions.

c) Development Charges Audit

Presentation by Sean Lee, Senior Internal Auditor (Oral)

Received

Sean Lee, Senior Internal Auditor provided an overview of the Development Charges Audit.

In response to a question from Councillor Thompson, Sean Lee stated that the Development Charges Audit reviewed the collection process of development charges from the area municipalities to the Region of Peel and the scope did not include a review of the charges owed by developers.

d) Accounts Receivable Audit

Presentation by Joan Appleton, Manager, Internal Audit and Dave Bingham, Director, Corporate Finance

Received

A copy of the presentation is available from the Office of the Regional Clerk.

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* See text for arrivals

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Joan Appleton, Manager, Internal Audit provided an overview of the Accounts Receivable Audit noting that the current practices for general receivables are effectively managed. Dave Bingham, Director, Corporate Finance provided an overview of the management action plans that were implemented to strengthen administrative processes and noted that the accounts receivable policies and procedures will be updated by December 31, 2013.

In response to a question from Councillor Starr regarding the amount of allowance for doubtful accounts, Dave Bingham stated that although the average write-off is less then what is estimated, a conservative figure is used as an average in case there are larger deviations such as the G-20 event. Dave Bingham undertook to provide Councillor Starr with further information and data.

e) Fleet Services Inventory Management Audit

Presentation by Joan Appleton, Manager, Internal Audit; Shaun Hewitt, Director, Operations Support and Dave Bingham, Director, Corporate Finance

Received

A copy of the presentation is available from the Office of the Regional Clerk.

Joan Appleton, Manager, Internal Audit provided an overview of the Fleet Services Inventory Management Audit and identified opportunities for implementing controls for managing fleet inventory, noting that management has developed action plans to address the opportunities. Shaun Hewitt, Director, Operations Support provided an overview of the management action plans including the development of an Inventory Management Guide. Dave Bingham, Director, Corporate Finance stated that Corporate Finance will forward an annual report to Regional Council to provide information on the fleet inventory write-offs.

f) Wastewater Audit

Presentation by Jennifer Weinman, Manager, Internal Audit; and Mark Schiller, Executive Director, Water and Wastewater

Received

A copy of the presentation is available from the Office of the Regional Clerk.

Jennifer Weinman, Manager, Internal Audit provided an overview of the Wastewater Audit noting that regulatory requirements, risk mitigation and controls are efficient and effective. Mark Schiller, Executive Director, Water and Wastewater provided an overview of the management response and stated that a new structure has been implemented between the Water and Wastewater divisions to align administrative processes.

Members of the Committee congratulated staff for being proactive in making positive changes.

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* See text for arrivals

MA-A3-S

5. COMMUNICATIONS

6. IN CAMERA MATTERS

7. OTHER BUSINESS

8. NEXT MEETING

The next meeting of the Audit Committee is scheduled for November 7, 2013, at 9:30 a.m., Council Chamber, Regional Administrative Headquarters, 10 Peel Centre Drive, Suite A, Brampton.

Please forward regrets to Helena West, Committee Clerk, (905) 791-7800, extension 4697 or helena.west@peelregion.ca.

9. ADJOURNMENT

The meeting adjourned at 10:58 a.m.

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* See text for arrivals