THE REGIONAL MUNICIPALITY OF PEEL

AUDIT AND RISK COMMITTEE

AGENDA

DATE: Thursday, April 7, 2016
TIME: 11:00 AM – 12:30 PM
LOCATION: Regional Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario
MEMBERS: F. Dale; C. Fonseca; M. Medeiros; K. Ras; R. Starr; A. Thompson

Chaired by Councillor C. Fonseca or Vice-Chair M. Medeiros

1. DECLARATIONS OF CONFLICTS OF INTEREST

2. APPROVAL OF AGENDA

3. DELEGATIONS

3.1. Dave Bingham, Treasurer and Director of Corporate Finance; and Monique Hynes, Manager, Accounting Services, Presenting the 2014 Government Finance Officers Association Canadian Award for Financial Reporting to Corporate Finance Staff

3.2. Christine Tu, Manager, Research and Climate Programs, Toronto and Region Conservation Authority, Presenting the Conservation Authorities Climate Change Budget Risk Methodology (See also Reports – Item 4.1)

4. REPORTS

4.1. Conservation Authorities Climate Change Budget Risk Methodology (See also Delegations – Item 3.2)

4.2. 2015 Fraud Information (For information)

4.3. TransHelp Operations Audit (For information)
Presentation by Gary Kocialek, Acting Director, Transportation; and Jennifer Weinman, Manager, Internal Audit
4.4. Audit of Scheduled Stand-By Duty in Public Health (For information)

5. COMMUNICATIONS

6. IN CAMERA MATTERS

7. OTHER BUSINESS

8. NEXT MEETING
   Thursday, May 5, 2016, 11:00 a.m. – 12:30 p.m.
   Council Chamber, 5th Floor
   Regional Administrative Headquarters
   10 Peel Centre Drive, Suite A
   Brampton, Ontario

9. ADJOURNMENT
3.1

Internal Request for Award Presentation at Regional Council

FOR OFFICE USE ONLY
Meeting Name: Audit and Risk Committee
Meeting Date: 07/04/2016
Request Date: DD/MM/YY 22/02/2016

Main Departmental Contact Information
Name: Monique Hynes  Department: Finance
Division: Corporate Finance  Section: Accounting Services  Ext. 4212

Award Presentation Information
Provide a brief summary of the nature/purpose of the award presentation
To present the 2014 Government Finance Officers Association, Canadian Award for Financial Reporting to Corporate Finance staff.

Provide a list of all participants
Name: Dave Bingham, Monique Hynes, S. Calandra, R. Lyons, E. Song, L. Tomlinson, T. Lindley, D. Tung and L. Lane
Title: Treasurer & Director, Corporate Finance and Accounting Services staff.
Organization: Region of Peel

Provide details of what is to be presented (Photo, Award, Cheque, Plaque, etc.)
GFOA plaque to be presented
Describe the format of your presentation (Power Point, DVD, VHS, Display, etc.)
Only GFOA plaque to be presented
* If the presentation is Power Point will it be provided in hard copy  □ Yes  □ No
* If you replied YES to the above, please prepare your handouts as follows:
   - Two slides per page, double-sided, stapled, three-hole punched, 45 copies
   - Provide the material, at a minimum, the day before the meeting to Legislative Services
Will there be a photo opportunity?  □ Yes  □ No
Who have you contacted in Communication Services regarding this award presentation?
Name: Irene McCutcheon  Ext. 4507
Will circulation of any materials to Councillors at the time of the presentation be required?  □ Yes  □ No
If YES please specify (i.e. pens, cups, brochures)

Note: Delegations to Council shall be limited to speaking no more than five minutes in accordance with Section IV-4 of the Region of Peel Procedure By-law 100-2012. For further information, please contact your Legislative Services representative.
**Request for Delegation**

Attention: Regional Clerk  
Regional Municipality of Peel  
10 Peel Centre Drive, Suite A  
Brampton, ON L6T 4B9  
Phone: 905-791-7800 ext. 4582  
Fax: 905-791-1693  
E-mail: council@peelregion.ca

<table>
<thead>
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<td>2016/03/03</td>
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**NAME OF INDIVIDUAL(S)**  
Christine Tu

**POSITION/TITLE**  
Manager, Research and Climate Programs

**NAME OF ORGANIZATION**  
Toronto and Region Conservation Authority

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<thead>
<tr>
<th>E-MAIL</th>
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<tr>
<td><a href="mailto:ctu@trca.on.ca">ctu@trca.on.ca</a></td>
<td>(416) 661-6600</td>
<td>5705</td>
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</tr>
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**REASON(S) FOR DELEGATION REQUEST (SUBJECT MATTER TO BE DISCUSSED)**  
To present the Conservation Authorities Climate Change Budget Risk Methodology

**I AM SUBMITTING A FORMAL PRESENTATION TO ACCOMPANY MY DELEGATION**  
[ ] Yes [ ] No

**IF YES, PLEASE ADVISE OF THE FORMAT OF YOUR PRESENTATION (ie POWERPOINT)**  
Powerpoint

**Note:**  
Delegates are requested to provide an electronic copy of all background material/presentations to the Clerk’s Division at least seven (7) business days prior to the meeting date so that it can be included with the agenda package. In accordance with Procedure By-law 100-2012, as amended, delegates appearing before Regional Council or Committee are requested to limit their remarks to 5 minutes and 10 minutes respectively (approximately 5/10 slides).

Once the above information is received in the Clerk’s Division, you will be contacted by Legislative Services staff to confirm your placement on the appropriate agenda. Thank you.

**Notice with Respect to the Collection of Personal Information**  
(Municipal Freedom of Information and Protection of Privacy Act)  

Personal information contained on this form is authorized under Section IV-4 of the Region of Peel Procedure By-law 100-2012 as amended, for the purpose of contacting individuals and/or organizations requesting an opportunity to appear as a delegation before Regional Council or a Committee of Council. The Delegation Request Form will be published in its entirety with the public agenda. The Procedure By-law is a requirement of Section 238(2) of the Municipal Act, 2001, as amended. Please note that all meetings are open to the public except where permitted to be closed to the public under legislated authority. All Regional Council meetings are audio broadcast via the Internet and will be video broadcast on the local cable television network where video files will be posted and available for viewing subsequent to those meetings. Questions about collection may be directed to the Manager of Legislative Services, 10 Peel Centre Drive, Suite A, 5th floor, Brampton, ON L6T 4B9, (905) 791-7800 ext. 4492.
Conservation Authorities Climate Change Budget Risk Methodology

Peel Audit and Risk Committee Meeting
April 7, 2016
Outline

• Climate Change in Region of Peel
• Background
  – Addressing Climate Change
• Proposed Revised Assessment Methodology
• Summary of CA Climate Change Programs in 2016
Climate Change in Peel Region

Threat: Greenhouse Gases

Climate-Related Impacts in Peel

December 2013 Ice Storm Impacts
July 8, 2013 Flooding in Mississauga
Drought Impacts on Corn in Caledon

Atmospheric CO₂ at Mauna Loa Observatory

Climate Driver | Projection 2050s
---|---
Average Annual Temperature | +2°C
Total Annual Precipitation | +74mm
Max. 1-Day Precipitation | +8%
99th Percentile (Top 1% of Extreme Rainfall Events) | +51%
Background

- 2007: ROP supported a request from CAs to provide enhanced funding for programs that support climate change mitigation and adaptation.

- 2012: ROP asked CAs to develop a methodology to prioritize CA climate change programs

- 2012-2015: Various methodologies were explored and tested. This presentation is to summarize an agreed upon methodology that is simple, user friendly and responds to the key questions:

  - How are risks and related impacts being mitigated and what additional actions need to be taken by CAs
  - How should programs/projects be prioritized
  - Could investments be better optimized based on the level of identified risks and the expected program benefits
Addressing Climate Change

• In 2007, Peel Council recognized, to effectively address Climate Change, there was a need for a greater investment in broader and or more intensive existing programs that would serve to mitigate or promote adaptation within the watersheds.
Proposed Revised Assessment Methodology

Climate Change Work
Climate Change Work Assessment Process

Step #1
Determine
Level of Risk
Level I or II

Step #2
Assess
Impacts Addressed

Step #3
Apply
Specific Criteria of Each Classification

Step #4
Assign
Classification
Act, Invest, Sustain

Step #5
Prioritize
Within Each Classification

Step #6
Report
Inform Budget Requests & measure achievement/pressures

Input

Ongoing Review

Review

Revise

Rank
Determine Level of Risk

Step #1
Determine
Level of Risk
Level I or II

- **RISK**: the probability of an event and the severity of the consequences should the event occur
  
  - **Level 1**: Risk is both immediate and continues in the long term (extreme weather) and requires appropriate actions to begin today
  
  - **Level 2**: Risk is over the long term (warming and increased precipitation trends), and can be mitigated or managed by reducing vulnerability and maintaining resilience
Assess the Impacts Addressed

CA Climate Programs Address:

1. Loss of life and or threat to human health
2. Damage/loss/disrepair of infrastructure or property
3. Ecosystem degradation
4. Reduction/loss of Ecological Goods and Services
5. Increased natural system vulnerability
6. Increased sector based
7. Low corporate adaptive capacity
8. An unaware and unprepared society
9. No change or increasing trend in GHG emissions
Apply Classification Criteria

Step #3
Apply Specific Criteria of Each Classification

Act
- Programs in this class respond to urgent threats and impacts from severe weather experienced ‘today’ and work to ACT to reduce risk to human health and safety, avoid substantial damage to infrastructure and property, or advance climate mitigation priorities.

Invest
- Programs in this class respond to longer-term changes caused by increasing trends in annual temperature and precipitation and work to reduce present and future vulnerability through INVESTMENT in proactive activities and innovation.

Sustain
- Programs in this class continue to manage and monitor environmental conditions that are generally resilient to both short and long-term climate threats; resilience is an outcome of CA interventions that need to be SUSTAINED, together with monitoring, to ensure program effectiveness and/or flag emerging issues.
Assign Classification to Programs

Step #4
Assign Classification
Act, Invest, Sustain

- Reactive
- Predictable
- Act (Urgent)
- Invest (Vulnerability)
- Sustain (Resilience)
- Proactive
Prioritize within Classifications

Apply the Prioritization Criteria:

1. Scale of project
2. Project supported by evidence, leading practice, innovation, and/or KPI validation
3. Project enhances Core CA mandate or delegated responsibility
4. Number of climate impacts addressed
5. Alignment with other climate strategies/action plans
Utilize Methodology in Decision Making

Reporting back to inform:

- Test the methodology with the existing programs
- Review results with CA staff, Revise
- Methodology to be used to prioritize programs and inform future CA climate change budget requests
Summary of CA Climate Programs in 2016

<table>
<thead>
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<th></th>
<th>ACT</th>
<th>INVEST</th>
<th>SUSTAIN</th>
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<td>3</td>
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<tr>
<td>TRCA</td>
<td>5</td>
<td>18</td>
<td>2</td>
</tr>
</tbody>
</table>

Apply methodology to 2017 CA Climate Budget and Programs
THANK YOU

Gayle SooChan, CVC  GsooChan@creditvalleyca.ca
Jeff Payne, CVC  Jpayne@creditvalleyca.ca
Christine Tu, TRCA  ctu@trca.on.ca
REPORT
Meeting Date: 2016-04-07
Audit and Risk Committee

DATE: February 12, 2016

REPORT TITLE: CONSERVATION AUTHORITIES CLIMATE CHANGE BUDGET RISK METHODOLOGY

FROM: Lorraine Graham-Watson, Commissioner of Corporate Services

RECOMMENDATION

That Regional staff working with the Credit Valley Conservation and Toronto and Region Conservation Authority, adopt the methodology outlined in the report of the Commissioner of Corporate Services, titled “Conservation Authorities Climate Change Budget Risk Methodology” to prioritize Climate Change program budget requests to the Region of Peel commencing with the 2017 Budget year.

REPORT HIGHLIGHTS

- Initial work had been undertaken jointly by Region of Peel staff and Conservation Authorities staff to determine how funding within the Climate Change Special Levies addressed climate change risk in the Region of Peel.
- This resulted in a preliminary determination of the percentage of the climate change budget that was addressing high, medium and low risk problems.
- Further work to refine the methodology was necessary and Region of Peel Internal Audit and Integrated Planning Division staff has been working with the Conservation Authorities to update the methodology that the Conservation Authorities utilize to evaluate and prioritize program funding in relation to climate risks.
- This has resulted in a refined methodology with a series of steps that meets the needs of the Conservation Authorities while simultaneously identifying programs which should be prioritized from a risk perspective.
- This methodology will be used to shape the climate change budget request from the Conservation Authorities to the Region starting with the 2017 Budget year.

DISCUSSION

1. Background

In 2007, the Region of Peel (Region) supported the request to provide funding for climate change to address unfunded and underfunded conservation priorities. In 2008, at the direction of Regional Council, Credit Valley Conservation (CVC) and Toronto and Region Conservation Authority (TRCA), and the Region developed a Service Strategy Business Plan (SSBP) that would significantly advance environmental initiatives in Peel Region. The SSBP identified climate change as a key priority for the partners to collaboratively address. Subsequently, the Peel Climate Change Strategy was completed in 2011 to provide a more defined framework for collaboration, setting of goals and identification of actions.
The Region has provided specific climate change allocations to both Conservation Authorities (CAs) over the last ten years reflecting an increase from $5 million in 2007 to $16 million in 2016 representing a total cumulative contribution of $124 million.

The climate change funding has been spent in three main program areas:

- Ecosystem - projects that accelerate restoration and regeneration of natural features and areas to prevent, eliminate, or reduce the risks of climate change to local ecosystems;

- Education – projects that enhance outcomes through approaches ranging from scientific studies to pilot projects to community education on the impacts of climate change; and

- Watershed Management – projects that accelerate water management projects to prevent, eliminate or reduce the risk to life, property and infrastructure from flooding, erosion and slope instability.

The climate change funding provided an opportunity to accelerate and expand the existing work being undertaken by the CAs that inherently also addressed climate change risks or to initiate new activities that specifically responded to unique challenges of mitigating and adapting to a changing climate.

Conservation Authorities Advisory Committee

At the December 7, 2012 Regional Council Budget meeting, concerns were raised about the prioritization of conservation programs proposed by the CAs relative to the area municipal and Regional priorities and the corresponding Regional budget request.

To promote future dialogue regarding conservation programs priorities Regional Council adopted resolution 2012-23 to establish the Conservation Authorities Advisory Committee (CAAC).

Given the increased severity and negative impacts of extreme storm events, at the April 4, 2013 CAAC meeting Regional staff was requested to bring back a discussion paper focused on risk management and the specific climate change risks being addressed by the CAs through the funding they have been receiving from the Region.

In response to said request, Regional staff in collaboration with CA staff developed a risk based methodology which the CAs used to analyze their climate change programs starting with the 2014 budget year. This analysis revealed in a preliminary way the activities supported through their climate change budgets that was allocated to high, medium and low risk initiatives. The initial methodology and discussion was reported to Council through the March 6, 2014 meeting of CAAC.
2. Revised Climate Change Budget Risk Methodology

The initial methodology has been further refined by the CAs in consultation with the Region, to help ensure that it meets the needs of the CAs while providing Regional Council assurances that risk associated with climate change is identified, assessed and effectively managed.

Staff from both CVC and TRCA in consultation with Regional staff has worked to revise the risk methodology to be able to analyse existing projects and programs as well as any new initiative being considered for inclusion in the climate change budget.

The methodology involves a series of steps as outlined in Figure 1 starting with a determination of the level of risk and concluding with prioritization of programs or projects and follow-up reporting. Details of each step are provided below.

Figure 1.
Determine Risk - The rising greenhouse gases and resultant atmospheric warming is the threat that underlies our risks due to climate change. Risk is defined as the probability of an event and the severity of the consequences should the event occur. Risk is categorized as Level I where the risk is both immediate and continues in the long term (extreme weather) and Level II where the risk is over the long term (warming and increased precipitation trends) and can be mitigated or managed by reducing vulnerability through future initiatives and continuing to undertake adaptation activities that have measured effectiveness.

Assess - This step assesses whether or not a proposed program/project qualifies as a ‘climate change initiative’ based on whether one or more impacts linked to climate change risks can be addressed. Impacts that are linked to climate change risks (either Level I or II) have been defined (Table 1 in Appendix I) and would be subject to periodic CA review and potential modification based on advancement in climate change science and understanding.

Apply - This step applies a set of classification criteria to climate change initiatives to define how the undertaking will address climate change impacts. The criteria are not weighted and at least one criterion must be satisfied for an initiative to advance to the next step in the methodology. The list of classification criteria has been defined (Table 2 in Appendix I) and would be subject to periodic CA and Region review and potential modification based on future pressures or opportunities.

Assign - Based on the outcomes of applying the classification criteria, a climate change initiative will be assigned into one of three program classifications: Act, Invest or Sustain (see below for definitions). There is no ranking of initiatives at this stage as there is equal need to mitigate and adapt to climate risks or impacts in the short and long term.

Prioritize - Climate initiatives within a given classification can be prioritized based on a second set of criteria. The prioritization criteria are not weighted but a cumulative score would represent highest to lowest ranking. The list of prioritization criteria has been defined (Table 3 in Appendix I) and would be subject to periodic CA and Region review and potential modification based on effectiveness of this step in the methodology.

Report - Through the annual budgeting cycle, CAs are able to use this methodology to report on their climate change initiatives, including justification for retaining the current programs that receive climate change funding or adjusting the types of initiatives going forward based on project/program achievements, new pressures and opportunities.

Program Classification

The three program classifications (which do not imply relative importance) referenced in Step # 4 of the methodology are defined as follows:

ACT – Programs in this class respond to urgent threats and impacts from severe weather experienced ‘today’ and work to reduce risk to human health and safety, avoid substantial damage to infrastructure and property, or advance climate mitigation priorities.

INVEST – Programs in this class respond to longer-term changes caused by increasing trends in annual temperature and precipitation and work to reduce present and future vulnerability through innovative and proactive activities.
CONSERVATION AUTHORITIES CLIMATE CHANGE BUDGET RISK METHODOLOGY

**SUSTAIN** – Programs in this class continue to manage and monitor environmental conditions that are generally resilient to both short and long-term climate threats; resilience is an outcome of CA interventions that need to be sustained, together with monitoring, to ensure program effectiveness and/or flag emerging issues.

The CAs have applied the methodology to their existing (2016) climate change projects/programs and the majority of the initiatives for both CAs fall under the Invest classification with both Act and Sustain having fewer projects/programs (See Figure 2).

**Fig. 2 Classification Distribution of 2016 Climate Change Projects**

![Classification Distribution Chart]

The majority of the TRCA Invest projects are in education while the majority of the CVC Invest projects are in ecosystem and watershed management.

**CONCLUSION**

The methodology has been subjected to an iterative process. It is robust enough to address any questions that may arise with respect to:

- The climate change risks and related impacts each program/project is trying to address;
- How are risks and related impacts being mitigated and what additional actions may need to be taken by the CAs based on a defined set of criteria;
- How programs/projects should be prioritized based on a defined set of criteria; and,
- Could investments be better optimized based on the level of identified risks and the expected program/project benefits.
The methodology will be used to prioritize the climate change programs being undertaken by the CAs for the 2017 Region of Peel Budget year.

on behalf of

Lorraine Graham-Watson, Commissioner of Corporate Services

Approved for Submission:

D. Szwarc, Chief Administrative Officer

APPENDICES

Appendix I - Climate Change Risk Methodology Tables

For further information regarding this report, please contact Michelle Morris Director, Internal Audit at extension 4247 or via email at Michelle.Morris@peelregion.ca

Authored By: Learie Miller
### Table 1: Climate Change Impacts

<table>
<thead>
<tr>
<th>Impacts Related to Climate Change Risks</th>
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<tbody>
<tr>
<td>1. Loss of life and/or threat to human health and safety</td>
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<tr>
<td>2. Damage/loss/disrepair of infrastructure or property</td>
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<tr>
<td>3. Increased natural system vulnerability to future climate conditions</td>
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<td>4. Exacerbated ecosystem degradation</td>
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<tr>
<td>5. Reduction/loss of Ecological Goods and Services</td>
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<tr>
<td>6. Increased sector-based vulnerabilities to future climate conditions</td>
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<tr>
<td>7. Low or decreasing community adaptive capacity</td>
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<td>8. No change or increasing trend in greenhouse gas emissions</td>
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### Table 2: Classification Criteria

<table>
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<tr>
<th>Classification</th>
<th>Criteria</th>
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<tbody>
<tr>
<td><strong>ACT</strong></td>
<td>• Reactive</td>
</tr>
<tr>
<td></td>
<td>- Responds to an urgent and life threatening event or one that acutely compromises human health or safety (e.g. flood forecasting/warning program, real-time monitoring)</td>
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<td>- Maximizes Emergency Preparedness (e.g., real-time monitoring for spills, flood forecasting program, floodplain mapping)</td>
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<td>- Responds to an immediate impact that requires action with a high level of urgency (but not necessarily life threatening) (e.g. flood mitigation and erosion remedial works)</td>
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<td></td>
<td>- Minimizes chance of incurring significant financial cost (e.g., stream channel and infrastructure maintenance, erosion monitoring program)</td>
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<td></td>
<td>- A direction or resolution from a municipal council or approved by TOCP/CA Board; aligned to council strategic priorities or targets (e.g. EAB program, direct climate mitigation)</td>
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<td>- Enhancement to legislatively required under the CA Act</td>
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<tr>
<td><strong>INVEST</strong></td>
<td>• Proactive</td>
</tr>
<tr>
<td></td>
<td>- Responds to impacts or vulnerabilities that are becoming worse or increasing in financial or social costs (negative trend) (e.g., ecological restoration or rehabilitation projects, invasive species management programs)</td>
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<td></td>
<td>- Produces local measurable benefit through implementation, likely increase effectiveness over long-term and/or with larger scale application (e.g., LID construction, tree planting programs, Green Infrastructure)</td>
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Fills knowledge gaps, takes advantage of emerging science to better manage imminent/identified risks that currently lack the innovative and technological tools to resolve in the short term (e.g., vulnerability assessment or other research programs, new or renewed partnerships with academia or other collaborators, government grant programs)

Elevates awareness amongst the broader community, including residents, business, stakeholders and youth to drive attitudinal change with respect to human impacts on climate and the environment (e.g. education or outreach programs, training and benchmarking programs, etc.)

SUSTAIN

- Proactive
- Maintains Resilience

Maintains watershed resilience, achieves outcomes and demonstrates effectiveness using current best practice (e.g. certification or assessment programs, capital asset management)

Anticipates a potential impact, a shift in trend or flags an emerging issue (e.g. ambient or KPI monitoring and reporting programs)

Table 3: Prioritization Criteria

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<thead>
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<th>Prioritization Criteria</th>
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<tr>
<td>A. Scale of project (geographic, budget, partnership range).</td>
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<tr>
<td>B. Project uses evidence based decision making, sound science, leading practices, innovation, and/or ongoing evaluation with validation by key performance indicators (KPI’s), as developed, to better quantify efficacy of the program.</td>
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<tr>
<td>C. Project enhances the core CA mandate or delegated responsibility (implies the CA is the only party capable or most practical, economically sensible agency to conduct the work); the capacity and skill set resides with the CA and is the appropriate agency to do the work.</td>
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<tr>
<td>D. Number of impacts addressed.</td>
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<tr>
<td>E. Alignment with other mandated strategies/ action plans (Federal, Provincial, Municipal, C.A.), for example, Peel Climate Change Strategy (2011).</td>
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</tbody>
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DATE: March 22, 2016

REPORT TITLE: 2015 FRAUD INFORMATION

FROM: Michelle Morris, Director, Internal Audit

OBJECTIVE

To provide the Members of the Audit and Risk Committee with information to respond to External Audit enquiries related to fraud.

REPORT HIGHLIGHTS

• There has been a significant decrease in the number of occupational fraud allegations for 2015.
• Mandatory fraud prevention training has been communicated and completion of the training is being monitored.
• Providing training on fraud prevention and creating an awareness that fraud will not be tolerated at the Region of Peel will continue to mitigate the risk of fraud.

DISCUSSION

1. Background

The External Auditors are required as part of their professional standards to gather feedback from Members of the Audit and Risk Committee on their perspective of fraud risks, fraud allegations and antifraud programs at the Region of Peel (“Region”).

Our External Auditor, Trevor Ferguson from Deloitte will be asking Members of the Audit and Risk Committee at the May 5, 2016 Audit and Risk Committee meeting to confirm their understanding of the following:

1. Their views about the risk of fraud;
2. Their knowledge of any actual suspected or alleged fraud; and,
3. The role that they exercise in the oversight of management’s antifraud programs.

This is the Region’s third year coordinating and reporting fraud information. Internal Audit conducted a survey across the Region to gather the information for the Members of the Audit and Risk Committee to effectively address the External Audit questions at the May 5, 2016 Audit and Risk Committee meeting.

In 2015 there was a decrease in the number of fraud allegations reported to Internal Audit compared to 2014. In 2014, there were ten fraud allegations communicated to Internal Audit
2015 FRAUD INFORMATION

and in 2015 there was one. It should be noted that fraud by its very nature is concealed and often difficult to detect.

2. Survey Results

Internal Audit received an excellent response rate of 100 per cent to the survey. Thirty-eight Directors across the Region were included in the survey. A definition of fraud was provided from the Region’s Fraud Prevention policy (G00-22):

“Fraud is an act of using dishonesty as a tool for personal gain. Fraud includes any misuse or attempt to misuse the Region’s assets for personal gain or purposes unrelated to the Region’s business.”

The process to gather information required management to answer three questions as outlined below. Additional follow-up was conducted where fraud was identified. The first two questions capture management’s perspective of fraud allegations for their area of responsibility, while the third question captures actual or suspected information on fraud allegations that occurred in 2015. The results of the survey are as follows:

1. There is a high risk of fraud occurring in my area of responsibility?

   • 71 per cent felt the risk of fraud in their area was low
   • 3 per cent were unsure
   • 26 per cent felt there was a high risk in their area of responsibility.

   It should be noted that the Internal Audit Fraud Prevention Program included conducting an inherent fraud risk assessment by department in order to educate leaders on the potential fraud risks in their area of responsibility. The 26 percent of respondents that agreed with the question provide services that inherently have a higher risk of fraud.

2. There are effective controls and oversight that will detect or prevent fraud in my area?

   • 89 per cent felt that there were effective controls and oversight
   • 3 per cent were unsure
   • 8 per cent felt that there was a risk of ineffective controls and oversight

   The response identified that management is largely of the opinion that the risk of fraud is effectively mitigated through preventive controls in their areas of responsibility.

3. Has there been any actual suspected or alleged fraud in your area over the past year?

   The results of the survey indicated there was one confirmed fraud allegation at the Region in 2015. In addition there is one fraud allegation that is currently under investigation.

3. Information and Update on 2015 Fraud Allegations

   The Internal Audit Charter indicates that Internal Audit will “Provide an annual report on fraud risk and fraud allegations.”
2015 FRAUD INFORMATION

As a result of our fraud survey and follow up discussions with management the following incident of fraud was identified:

Theft of Time:

An employee was presenting themselves as working on Regional business and using Regional equipment (cell phone) while they were actually absent from work. The employee is no longer employed by the Region. Controls to mitigate future risks have been implemented.

4. Fraud Prevention Program

Over the past year Internal Audit conducted an inherent fraud risk assessment for all departments across the Region. Management across the Region was fully engaged in the assessment process and now have a better understanding of the inherent fraud risks in their programs. The assessment results were not a surprise and identified “misappropriation of personal information” as the top inherent fraud risk scenario.

In 2016 Internal Audit rolled out mandatory Fraud Prevention training for all employees. The E-Learning Fraud Prevention module was developed in-house by the Business Support and Development team in Human Services who coordinated with Human Resources to set up the ability to capture the training for each employee in our Human Resource Management System.

A second E-Learning module, Fraud Awareness for Leaders is being developed and is on target to be rolled out in the second quarter of 2016.

CONCLUSION

It is Internal Audit’s opinion that increasing employee awareness that Fraud will not be tolerated at the Region and providing employees with mandatory Fraud Prevention training has contributed to significantly reducing the number of fraud incidents.

Michelle Morris, Director, Internal Audit

Approved for Submission:

D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Michelle Morris, x4247.

Authored By: Joan Appleton, CPA, CGIA, CIA, CRMA
DATE: March 22, 2016

REPORT TITLE: TRANSHELP OPERATIONS AUDIT

FROM: Michelle Morris, Director, Internal Audit

OBJECTIVE

To inform the Audit and Risk Committee of the results of the TransHelp Operations Audit.

REPORT HIGHLIGHTS

- The audit focused on assessing the administrative controls that support the delivery of accessible transportation services (TransHelp) including the protection of client personal information.
- The audit observations are:
  - The processes related to fare payment collection and processing are effective and efficient.
  - There are opportunities to increase the efficiency and effectiveness of the administrative controls and enhance the protection of client personal information. These opportunities include:
    - Conduct a privacy assessment of TransHelp handling of client personal information which would provide direction to ensure compliance with the Municipal Freedom of Information & Protection of Privacy Act.
    - Develop a procedure to provide guidance to staff for the physical security, sales, inventory management and reimbursement of vouchers for taxi travel.
    - Develop a consistent process to verify invoices from contracted service providers.

DISCUSSION

1. Background

The 2015 Internal Audit Risk Based Work Plan included an audit of TransHelp Operations.

The Accessibility for Ontarians with Disabilities Act, 2005 provides guidance on the provision of accessible transportation services for any person with a disability who is unable to use conventional transportation services. As per the Accessibility for Ontarians with Disabilities Act requirement to match conventional service bus hours, TransHelp provides transportation services from 6:00 am to 1:00 am, seven days a week using buses and taxis. TransHelp uses four primary methods to deliver these services as a portfolio approach to service delivery. The methods include:
1. In-house operation of TransHelp bus service to eligible Peel residents; daily service from approximately 6:00 am to 10:00 pm.

2. Contracting through three taxi companies - Blue & White Taxi, BramCity Taxi and A Black Cab to provide additional transportation services for clients during the day and after 10:00 pm.

3. Taxi scrip program which provides clients with the flexibility to book their own trip using vouchers with nine different taxi companies when they are unable to book a ride in advance with TransHelp.

4. Contracting through other accessible transportation services providers - Red Cross and Caledon Community Services for clients with specialized needs.

TransHelp manages administrative support functions related to the provision of these services. These administrative functions include client application processing, trip payment processing, taxi scrip sales, contracted service provider invoice verification and payment, and management of client personal information.

TransHelp has contracts with multiple service providers to meet the accessible transportation demand. In 2014, 15,600 clients were eligible for accessible transportation services and 525,000 trips were provided. TransHelp in-house bus service provided 33 per cent of the trips while outside services provided 67 per cent. Red Cross and Caledon Community Services provided specialized services to dialysis patients and those requiring passenger assistance programs. Additionally, the taxi scrip program provides clients with flexibility for last minute trip bookings and after hours transportation needs. The scrip is a cash equivalent, discounted voucher that the Region sells to eligible clients. The voucher is used to pay for taxi trips. The number of trips by service provider is outlined in Table 1.

Table 1

<table>
<thead>
<tr>
<th>Service Provider</th>
<th>Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>TransHelp</td>
<td>171,000</td>
</tr>
<tr>
<td>Taxi Services</td>
<td>280,000</td>
</tr>
<tr>
<td>Red Cross</td>
<td>59,000</td>
</tr>
<tr>
<td>Caledon Community Services</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>525,000</strong></td>
</tr>
</tbody>
</table>

2. **Audit Objective**

To evaluate the effectiveness and efficiency of controls in place to mitigate the risks associated with the management of:

- Administrative functions such as: client fare payment processing and collections, and vendor invoicing.
• Client personal information for compliance with Municipal Freedom of Information and Protection of Privacy Act.

Specifically, the audit focused on transactions from December 2014 to June 2015.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

3. Audit Observations

The process for client fare payment collection and processing are effective and efficient. There are opportunities to strengthen key administrative functions to help ensure controls are effective and efficient. Three specific areas for improvement are noted below.

Privacy of Client Personal Information

The Region has a legal requirement to comply with the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA). The purpose of MFIPPA is to ensure clients' personal information is protected through the continuum of service delivery. TransHelp collects and retains personal information, such as client names, addresses, phone numbers and references to accessibility impairments, in order to book trips, plan routes, dispatch the appropriate vehicle and apply client payments. Once a client is approved as eligible for TransHelp services, various stakeholders require access to the client's information to ensure services are provided in a timely and effective manner. MFIPPA allows for the disclosure of personal information with stakeholders if the disclosure is necessary in the discharge of the organization's functions.

TransHelp has not undergone a privacy assessment to review all aspects of the use of client personal information it handles in providing its services. A privacy assessment would review all processes involved in the provision of accessible transportation and determine if the collection, use and disclosure of personal information complies with MFIPPA. With multiple stakeholders involved in providing accessible transportation services, there is an increased risk that the privacy of client personal information could be compromised.

The Manager of Accessible Transportation will work with the Manager of Access to Information and Privacy to conduct a privacy assessment for the accessible transportation program by December 30, 2016.

Taxi Scrip Management

The taxi scrip program provides clients with the flexibility to book their own trip, with nine different taxi companies, when they are unable to book a ride in advance through TransHelp. TransHelp clients can purchase a book of taxi scrips for a discounted price from the Region of Peel. In 2014, over $220,000 in taxi scrips were used by clients to pay for taxi trips. The taxi companies submit their invoices with the used scrips for reimbursement from the Region, on a monthly basis.

Currently there is an absence of established, consistent procedures on the management of the security, inventory, sales and reimbursement of taxi scrip. As taxi scrip is a cash
TRANSHELP OPERATIONS AUDIT

equivalent, strong controls are needed to mitigate the risk of misappropriation and promote accountability and transparency.

The Manager of Accessible Transportation will develop and document a taxi scrip procedure that will include instruction on:

• Physical security of the taxi scrip,
• Tracking the sales,
• Inventory management, and
• Taxi scrip reimbursement process.

The target date for completion is April 29, 2016.

Verification of Third Party Service Provider Invoices

Each of the contracted service providers has different processes for invoicing the Region of Peel for services provided. Some service providers book and dispatch trips themselves while others use TransHelp for booking and dispatching. Some provide adjustments to planned trip schedules on a weekly basis and some on a monthly basis.

Where possible, TransHelp checks the number of trips billed against the record of trips dispatched as a means to verify the accuracy of the invoice received. As some providers book and dispatch directly, TransHelp is unable to effectively verify trips taken against trips billed. As a result there is a risk that the Region may be billed for trips that were not actually taken.

The Manager of Accessible Transportation will develop a procedure that will encompass all third party vendors invoicing. The procedure will document how to verify trips, handle after-hour cancellations and make necessary invoice adjustments. The target date of completion is June 30, 2016.

CONCLUSION

Management has developed action plans to address the audit observations noted. Internal Audit has reviewed these plans and is satisfied that the actions planned will address the risks identified. Internal Audit will follow-up on the status of the management action plans related to this audit and will report the status to the Audit and Risk Committee.

Michelle Morris, Director, Internal Audit

Approved for Submission:

D. Szwarc, Chief Administrative Officer
For further information regarding this report, please contact Michelle Morris, Director Internal Audit, extension 4247, or via e-mail Michelle.Morris@peelregion.ca.

Authored By: Jennifer Weinman, Manager Internal Audit and Barb Morris, Senior Internal Auditor, Internal Audit
TransHelp Operations Audit

Presentation to Audit and Risk Committee

Jennifer Weinman, Manager, Internal Audit
Gary Kocialek, Acting Director, Transportation
Background

TransHelp provides accessible transportation services to Peel residents through four initiatives

- In-house bus service – provides services daily until ~ 6 am to 10:00 pm
- Contracting with taxi services – for additional day and after hours services
Background

- Contracting with Red Cross and Caledon Community Services – services clients with specialized needs

- Taxi Scrip Program – provides clients with flexibility when they are unable to book through TransHelp
Background

- Audit scheduled as part of 2015 IA Audit Work Plan for a number of reasons.
- Recent changes in the receiving and processing of client payments
- Demand for TransHelp Services forecasted to increase year over year
- Recent information breach
Audit Scope & Objectives

Objective – To evaluate the effectiveness and efficiency of controls in place to mitigate the risks associated with the management of:

- Administrative functions such as: client fare payment processing and collections, and vendor invoicing.
- Client personal information for compliance with Municipal Freedom of Information and Protection of Privacy Act (MFIPPA).
Audit Observations

The client payment process is effective and efficient.

There are opportunities to:

- Ensure compliance with Municipal Freedom of Information & Protection of Privacy when accessing client personal information
Audit Observations

• Document taxi scrip management procedures to provide guidance and educate staff

• Increase the efficiency of the invoice verification and payment process for third party accessible transportation providers.
Management Response - MFIPPA

The Manager of Accessible Transportation will work with the Manager of Access to Information and Privacy to conduct a privacy assessment for the accessible transportation program.

The target date for completion is December 30, 2016.
Management Response – *Taxi Scrip*

The Manager of Accessible Transportation will develop and document a taxi scrip procedure that will include instruction on:

- Physical security of the taxi scrip,
- Tracking the sales,
- Inventory management, and
- Taxi scrip reimbursement process.

Target date for completion is April 29, 2016
Management Response – *Third Party Invoice Verification*

The Manager of Accessible Transportation will develop a procedure that will encompass all third party vendors invoicing. The procedure will document how to verify trips, handle after-hour cancellations and make necessary invoice adjustments.

- The target date of completion is June 30, 2016.
Next Steps

- Internal Audit is satisfied that the provided action plans will address the observations in this report.
- Internal Audit will follow-up and report on the status of management action plans.
Thank you

Questions?
DATE: March 22, 2016

REPORT TITLE: AUDIT OF SCHEDULED STAND-BY DUTY IN PUBLIC HEALTH

FROM: Michelle Morris, Director, Internal Audit

OBJECTIVE

To inform the Audit and Risk Committee about the results of the audit of Scheduled Stand-by Duty in Public Health.

REPORT HIGHLIGHTS

- Peel Public Health has developed and implemented a 24 hour emergency response system that includes having staff on emergency stand-by to manage cases, contacts and outbreaks of infectious diseases as well as address environmental concerns and vaccine refrigerator failures should they materialize.
- The audit reviewed how stand-by duty was being scheduled and managed in the Communicable Diseases and Environmental Health divisions.
- The audit found that:
  - stand-by scheduling processes in the Communicable Diseases and Environmental Health divisions have been effectively designed and implemented, and
  - scheduled stand-by duty is being effectively managed and administered.
- There were no areas for improvement noted during the audit.

DISCUSSION

1. Background

   Internal Audit conducted an audit of scheduled stand-by duty in Public Health. The audit was included in the Revised 2015 Internal Audit Risk Based Work Plan which was approved by the Audit and Risk Committee on November 5, 2015.

   In accordance with The Ontario Public Health Standards, 2008 (revised October 2015), Peel Public Health must enable and ensure a consistent and effective response to public health emergencies and emergencies with public health impacts. As such, Public Health has developed and implemented a 24 hour emergency response system to address public health emergencies should they occur. This includes having staff on emergency stand-by outside normal business hours to manage cases, contacts and outbreaks of infectious diseases as well as address environmental concerns and vaccine refrigerator failures should they materialize.
AUDIT OF SCHEDULED STAND-BY DUTY IN PUBLIC HEALTH

A breakdown of scheduled stand-by duty costs by Public Health program area for 2015 is included below:

<table>
<thead>
<tr>
<th>Public Health Program Area</th>
<th>2015 Scheduled Stand-by Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of the Medical Officer of Health</td>
<td>$0</td>
</tr>
<tr>
<td>Chronic Disease and Injury Prevention</td>
<td>$0</td>
</tr>
<tr>
<td>Communicable Diseases</td>
<td>$46,916</td>
</tr>
<tr>
<td>Environmental Health</td>
<td>$28,598</td>
</tr>
<tr>
<td>Family Health</td>
<td>$3,042</td>
</tr>
<tr>
<td><strong>2015 Totals</strong></td>
<td><strong>$78,556</strong></td>
</tr>
</tbody>
</table>

2. Audit Objective and Scope

The audit focused on determining if processes followed to schedule standby duty and to provide emergency on-call Public Health services, have been effectively designed and implemented.

Specifically, the audit reviewed how stand-by duty was being scheduled and managed in the Communicable Diseases and Environmental Health divisions as most of the stand-by costs for 2015 were attributed to those two program areas.

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

3. Audit Observations

Stand-by scheduling processes in the Communicable Diseases and Environmental Health divisions have been effectively designed and implemented. Further, scheduled stand-by duty is being effectively managed and administered. This includes:

- having policies and procedures in place that clearly define roles and responsibilities,
- having effective communication channels and protocols in place to ensure issues and emergencies are escalated to the Medical Officer of Health and Regional Emergency Management when needed, and
- having staff on emergency stand-by that have the necessary resources, tools and training to ensure there is a consistent and effective response to public health emergencies and emergencies with public health impacts should they occur.

No opportunities for improvement or control weaknesses were noted during the audit. As a result, there are no further actions required by management.
CONCLUSION

The audit found that stand-by scheduling processes followed by the Communicable Diseases and Environmental Health divisions have been effectively designed and implemented and are being managed and administered in accordance with Regional Policies.

Michelle Morris, Director, Internal Audit

Approved for Submission:

D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Michelle Morris at extension 4247 or via email at michelle.morris@peelregion.ca

Authored By: Jennifer Weinman, CPA, CA, CIA, CRMA, and Frank Medeiros, CIA, CRMA