The Region of Peel Audit and Risk Committee met on May 5, 2016 at 11:00 a.m., in the Regional Council Chambers, 5th Floor, 10 Peel Centre Drive, Suite A, Brampton, ON.

Members Present: F. Dale; M. Medeiros; K. Ras; R. Starr; A. Thompson*

Members Absent: C. Fonseca, due to other municipal business

Also Present: D. Szwarc, Chief Administrative Officer; L. Graham-Watson, Commissioner of Corporate Services; S. VanOfwegen, Commissioner of Finance and Chief Financial Officer; P. O’Connor, Regional Solicitor and Director of Legal Services; D. Labrecque, Commissioner of Public Works; J. Sheehy, Commissioner of Human Services; J. Smith, Commissioner of Health Services; M. Morris, Director, Internal Audit; K. Lockyer, Regional Clerk and Director of Clerk’s; H. West, Committee Clerk; R. Comacchio, Acting Legislative Technical Coordinator

Chaired by Councillor M. Medeiros.

1. DECLARATIONS OF CONFLICTS OF INTEREST - Nil

2. APPROVAL OF AGENDA

RECOMMENDATION ARC-6-2016:

That the agenda for the May 5, 2016 Audit and Risk Committee meeting be approved.

3. DELEGATIONS - Nil

Councillor Thompson arrived at 11:03 a.m.

4. REPORTS

4.1. Community Investment Program Audit

Presentation by Sonia Pace, Director, Community Partnerships; and Joan Appleton, Manager, Internal Audit

Received

* See text for arrivals
◆ See text for departures
Joan Appleton, Manager, Internal Audit, provided an overview of the Community Investment Program (CIP) Audit, noting that the objective of the audit was to determine if management has implemented effective oversight and accountability to ensure agency grants that are awarded meet the program objectives and that risks are managed. She stated that the delivery of the CIP is effectively meeting the objective of the program and she presented opportunities for improvement.

Sonia Pace, Director, Community Partnerships, provided background information on the grants program. She outlined the management action plans which are being implemented including: updating the program objective to be in line with the Council Term of Priorities; streamlining the application, monitoring and evaluation processes; and, enhancing contract templates to help ensure compliance of the terms of the investment; and, a more efficient technological monitoring process which will optimize a full digital system.

In response to a question raised by Councillor Starr, Sonia Pace stated that a consultant was hired to evaluate the program and to receive feedback on the new system which now funds core operations of non-profit agencies.

Councillor Starr requested clarification of the chart on page 4.1-2, specifically, sustainability and the purpose of the fund. David Szwarc, Chief Administrative Officer, provided background information stating that non-profit agencies had raised concern that grant funding received from different levels of government must be specifically allocated for program service delivery and that there was no funding for core operations such as hiring an Executive Director and Human Resource functions. Sonia Pace confirmed that the sustainability funding is to enable non-profit agencies to incorporate strong board governance which includes strategic plans, Human Resource processes and financial controls led by an Executive Director.

In response to a question raised by Councillor Starr, Sonia Pace stated that the increase in funding from 2015 to 2016 was allocated during the budget process and achieved through Human Service efficiencies. She noted that the community partners provide services that the Region of Peel does not provide or support and therefore, the increase in funding was allocated.

Councillor Starr requested further information on the non-profit agencies, application process and funding. David Szwarc undertook to have staff provide a presentation at a future Audit and Risk Committee meeting.

In response to a question raised by Councillor Ras, Sonia Pace undertook to provide information regarding the consultant’s cost for the Impact Study evaluation to Councillor Ras.

David Szwarc provided further information regarding Provincial subsidy stating that it recently came to his attention that in 2014 and 2105 staff attempted to attract provincial subsidy for the Community Investments Program. He noted that it is traditionally a 100 per cent municipally funded program but as many of the users of the services funded through this program are low income or social assistance recipients, and as the Region funds the administration costs of agencies through the program, some of the CIP expenditures were included in the welfare administration provincial subsidy claim. David Szwarc recognized that in doing so, the Region may be 'pushing the envelope' and although the Province did provide subsidy, our internal auditors have identified this as a contingent liability if the Province changes its position on the eligibility of these expenses for subsidy. Regional staff are in discussion with the Province to get a final determination and will advise the Committee of the outcome.
4.2. Status of Outstanding Management Action Plans

Received

4.3. Driver Certification Program Audit

Received

4.4. Proposed Risk Appetite for the Strategic Plan and Term of Council Priorities

Presentation by Michelle Morris, Director, and Anila Lalani, Advisor, Integrated Risk Management, Internal Audit

Received

RECOMMENDATION ARC-7-2016:

That the proposed risk appetite, risk principles and risk appetite philosophy as described within the body of the report of the Director, Internal Audit, dated March 30, 2016, titled “Proposed Risk Appetite for the Strategic Plan and Term of Council Priorities”, be endorsed;

And further, that the subject report and presentation be referred to the May 26, 2016 Regional Council meeting for approval.

Michelle Morris, Director, Internal Audit, provided background information on the Region of Peel’s Integrated Risk Management (IRM) program and the proposed risk appetite for the Strategic Plan and Term of Council Priorities. She stated that setting a risk appetite is a core element of IRM and it allows an organization to align risk taking with stakeholders’ expectations on how much risk should be taken. Taking on risk can provide benefits, Likewise, taking on too much risk can result in losses and not taking on enough risk can prevent an organization from achieving its objectives. Michelle Morris noted that reviewing the risk appetite will inform a discussion on balancing risk taking with risk avoidance and that strategies will be developed to determine the risk that the Region of Peel is willing to pursue.

Councillor Ras asked how Regional employees will be empowered on the parameters of risk. Michelle Morris stated that each department has a ‘risk champion’ to monitor programs and to flow information to the Executive Leadership Team. She noted that training opportunities and meetings will be held with the ‘champions’ on a regular basis.

Councillor Thompson requested that the IRM program, risk appetite principles and philosophies be shared with the local municipalities.

David Szwarc recognized the work that Internal Audit staff have done with the IRM program noting that risk management discussions will become part of the Region of Peel's culture and that staff will start to articulate risk within Regional Council reports.

5. COMMUNICATIONS - Nil

6. IN CAMERA MATTERS - Nil

* See text for arrivals
* See text for departures
7. OTHER BUSINESS - Nil

8. NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled for Thursday, June 2, 2016 at 2:00 p.m., Regional Administrative Headquarters, Council Chamber, 5th floor, 10 Peel Centre Drive, Suite A, Brampton, ON.

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

9. ADJOURNMENT

The meeting adjourned at 12:02 p.m.