



THE REGIONAL MUNICIPALITY OF PEEL

AUDIT AND RISK COMMITTEE

MINUTES

ARC - 1/2019

The Region of Peel Audit and Risk Committee met on February 21, 2019 at 9:35 a.m., in the Regional Council Chamber, 5th Floor, Regional Administrative Headquarters 10 Peel Centre Drive, Suite A, Brampton, Ontario.

Members Present: S. Dasko; N. Fairhead; N. Iannicca; K. Ras; R. Santos; I. Sinclair; R. Starr; H. Zuberi

Members Absent: C. Fonseca

Also Present: D. Szwarc, Chief Administrative Officer; S. VanOfwegen, Commissioner of Finance and Chief Financial Officer; S. Baird, Commissioner of Digital and Information Services; C. Matheson, Commissioner of Corporate Services; J. Smith, Commissioner of Public Works; N. Polsinelli, Commissioner of Health Services; J. Sheehy, Commissioner of Human Services; P. O'Connor, Regional Solicitor; S. Nagel, Treasurer and Director of Corporate Finance; M. Morris, Director of Enterprise Risk and Audit Services; Ava Macintyre, Deputy Clerk and Manager, Legislative Services; S. Jurrius, Committee Clerk; S. MacGregor, Legislative Assistant; T. Kobikrishna, Legislative Assistant

S. Jurrius, Committee Clerk, presided.

1. ELECTION OF CHAIR AND VICE-CHAIR

Councillor Dasko placed the following motion.

RECOMMENDATION ARC-1-2019:

That Councillor Starr be elected Chair of the Audit and Risk Committee, for a term ending November 14, 2020, or until a successor is appointed by Regional Council.

* See text for arrivals

◆ See text for departures

Councillor Sinclair placed the following motion.

RECOMMENDATION ARC-2-2019:

That Councillor Santos be elected Vice-Chair of the Audit and Risk Committee, for a term ending November 14, 2020, or until a successor is appointed by Regional Council.

Councillor Starr assumed the Chair.

2. DECLARATIONS OF CONFLICTS OF INTEREST - Nil

3. APPROVAL OF AGENDA

RECOMMENDATION ARC-3-2019:

That the agenda for the February 21, 2019 Audit and Risk Committee meeting, be approved.

4. DELEGATIONS

- 4.1. **Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer, Region of Peel**, Presenting the 2017 Government Finance Officers Association Canadian Award for Financial Reporting to Corporate Finance Staff

Received

Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer, recognized staff from the Corporate Finance team for their work on the 2017 Community for Life Annual Financial Report. He announced that the Region of Peel received the Government Finance Officers Association Canadian Award for Excellence in Accounting and Financial Reporting for 2017, for the 17th consecutive year.

Councillor Ras congratulated staff for their work on the 2017 Annual Financial Report.

5. REPORTS

5.1. **Audit and Risk Committee Orientation (Oral)**

Presentation by Michelle Morris, Director, Enterprise Risk and Audit Services; Jennifer Weinman, Manager, Enterprise Risk and Audit Services; Anila Lalani, Advisor, Enterprise Risk and Audit Services; and Stephanie Nagel, Treasurer and Director, Corporate Finance

Received

Michelle Morris, Director, Enterprise Risk and Audit Services, introduced staff and welcomed committee members. She provided an overview of the Three Lines of Defense Model outlining the roles and functional responsibilities of the Audit and Risk Committee and the Enterprise Risk and Audit Services division.

Jennifer Weinman, Manager, Enterprise Risk and Audit Services, and Anila Lalani, Advisor, Enterprise Risk and Audit Services, provided an overview of audit services including assurance, advisory, fraud investigation and risk management.

Stephanie Nagel, Treasurer and Director, Corporate Finance, provided an overview of Corporate Finance services and its role in supporting the Audit and Risk Committee. She reviewed statutory requirements for treasurers, external auditors and municipalities (as required under the *Municipal Act, 2001, as amended*) and highlighted the appointment of Deloitte as the external auditor for the Region of Peel.

In response to a question from Councillor Sinclair regarding reference verification for new hires, Michelle Morris noted that Human Resources completes reference checks for new hires, however, police background checks are not a usual requirement but are conducted for positions that deal with vulnerable individuals.

In response to a question from Member Fairhead regarding the Committee's opportunity to participate in the risk management process and information testing, Michelle Morris noted that the internal audit function completes the testing as part of the audit process and that the risk management function does not do testing as part of its process.

In response to a question from Member Zuberi regarding a fraud hotline, Michelle Morris noted that the Region is in the process of implementing an employee reporting line that will cover both human resources complaints and fraud. The system will be managed by a third party provider and triaged by Regional staff. In addition, the Region provides a Fraud Prevention training program for new employees and has a Fraud Prevention Policy.

In response to a question from Member Zuberi regarding guidelines for evaluating and accepting additional advisory service requests, Michelle Morris noted that all advisory services are in line with our red book standards under governance risk and controls.

In response to a question from Councillor Starr regarding standard audit procedures, Stephanie Nagel noted that the *Municipal Act, 2001, as amended*, requires the Auditor to report to Council, however, in the case of municipalities with an Audit and Risk Committee it is usual for the municipality and the Auditor to report to the Committee and the results are put forward to Council through the Committee minutes.

5.2. Audit and Risk Committee and Enterprise Risk and Audit Services Charters

RECOMMENDATION ARC-4-2019:

That proposed revisions to the Charters as described in the report of the Director, Enterprise Risk and Audit Services titled "Audit and Risk Committee and Enterprise Risk and Audit Services Charters", be approved.

5.3. 2019 Enterprise Audit Services Risk Based Work Plan

Presentation by Michelle Morris, Director, Enterprise Risk and Audit Services and Jennifer Weinman, Manager, Enterprise Risk and Audit Services

Received

RECOMMENDATION ARC-5-2019:

That the 2019 Enterprise Audit Services Risk Based Work Plan as outlined in the report of the Director, Enterprise Risk and Audit Services, titled "2019 Enterprise Audit Services Risk Based Work Plan", be approved.

Michelle Morris, Director and Jennifer Weinman, Manager, Enterprise Risk and Audit Services, provided an overview of the Work Plan outlining the purpose, methodology, and alignment to the Region of Peel's Strategic Plan. Jennifer Weinman provided an overview of the three Work Plan components including: Audit projects that will commence in 2019, projects started in 2018 to be concluded in 2019, and other audit related services.

In response to a question from Councillor Ras regarding the scope of the Infectious Disease Prevention audit, Jennifer Weinman stated that staff will audit the controls that are in place throughout the processes; the scope is defined after the initial planning of the audit.

In response to a question from Councillor Sinclair regarding the Traffic Signal Operations audit, Jennifer Weinman noted that the audit will include operations of the local municipalities that have agreements with the Region. Janette Smith, Commissioner of Public Works, noted that the Region has agreements with the Cities of Brampton and Mississauga, however, there is no contract with the Town of Caledon because it was mutually agreed that the Region would maintain traffic signal operations on Regional roads in Caledon. She added that the Region is responsible for traffic signal operations on all Regional roads and that the Ministry of Transportation is responsible for Provincial roads, such as Highway 10.

In response to questions from Councillor Sinclair regarding official plan amendments, the Municipal Comprehensive Review (MCR) and development charges, Janette Smith noted that two reports and a presentation will be provided to Regional Council at its meeting on February 28, 2019, outlining the Region's planning roles, a work plan for growth management, processes for updating of the Official Plan, and the MCR.

In response to a question from Councillor Santos regarding the scope of the Homelessness Support and Shelter Operations audit, Jennifer Wienman stated that the audit will address contracts that the Region has with providers of services related to the shelter operations.

In response to question from N. Iannicca regarding cash transactions, Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer, noted that cash transactions are minimal at the Region of Peel, however, there are programs in place to mitigate risks.

5.4. **New Public Sector Accounting Standard: Related Party Disclosures**

Received

6. **COMMUNICATIONS - Nil**

7. **IN CAMERA MATTERS - Nil**

8. **OTHER BUSINESS - Nil**

9. **NEXT MEETING**

The next meeting of the Audit and Risk Committee is scheduled for April 4, 2019 at 11:00 a.m. in the Council Chamber, 5th floor, Regional Administrative Headquarters, Suite A, 10 Peel Centre Drive, Brampton, Ontario.

Please forward regrets to Jill Jones, Committee Clerk, and (905) 791-7800 ext. 4330 or at jill.jones@peelregion.ca.

10. **ADJOURNMENT**

The meeting adjourned at 10:44 a.m.