



THE REGIONAL MUNICIPALITY OF PEEL

AUDIT AND RISK COMMITTEE

MINUTES

ARC - 2/2019

The Region of Peel Audit and Risk Committee met on April 4, 2019 at 11:00 a.m., in the Regional Council Chambers, 5th Floor, Regional Administrative Headquarters, 10 Peel Centre Drive, Suite A, Brampton, ON.

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

Members Absent: Nil.

Also Present: J. Smith, Acting 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; A. Farr, Acting 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, Enterprise Risk and Audit Services; J. Jones, Committee Clerk; T. Kobikrishna, Legislative Assistant; S. Blemmano, Legislative Assistant

Chaired by Ron Starr.

1. DECLARATIONS OF CONFLICTS OF INTEREST - Nil

2. APPROVAL OF AGENDA

RECOMMENDATION ARC-6-2019:

That the agenda for the April 4, 2019 Audit and Risk Committee meeting include an oral update from Member Neil Fairhead, regarding "Rising Insurance Costs due to the Impact of Water Based Damage Resulting from Climate Change", to be dealt with under Other Business – Item 7.1;

* See text for arrivals

◆ See text for departures

And further, that the agenda for the April 4, 2019 Audit and Risk Committee meeting, be approved as amended.

3. DELEGATIONS - Nil

4. REPORTS

4.1. Sewer Inspection and Surcharge Collection Process Audit

Received

In response to a question from Councillor Ras regarding inspection documentation, Andrew Farr, Acting Commissioner of Public Works stated that the implementation of new technologies now provides that inspectors have the ability to document the circumstances and outcomes at the time of their inspection; and, that information can be archived, retrieved and compared to other locations.

In response to questions from Councillor Ras, Councillor Fonseca and Member Zuberi regarding the acceptance of gifts with a value of less than \$50, Andrew Farr noted that the matter outlined in the report was a single event and that the Employee Code of Conduct has subsequently been revised to provide that employees across the organization are not permitted to accept any gifts, regardless of value.

4.2. 2018 Fraud Information

Received

In response to a request from Councillor Ras to provide more context around identified issues, Michelle Morris, Director, Enterprise Risk and Audit Services, stated that future reports will include more detailed information with respect to specific incidents.

In response to a question from Councillor Ras regarding the nine referrals to the Peel Regional Police with respect to Human Services subsidy fraud, Janice Sheehy, Commissioner of Human Services clarified that these incidents are not staff related; they are incidents of alleged fraud that are committed by external parties. She also noted that staff will report back to the Committee with an overview of the process and how these alleged frauds are discovered. Michelle Morris noted that future reports will differentiate between occupational fraud (internal) and fraud committed against the Region of Peel by external parties.

4.3. Enterprise Audit Services Information Technology Risk Assessment and 2019 Risk Based Work Plan Update

Received

In response to a question from Councillor Fonseca regarding definition of risk, Michelle Morris, Director, Enterprise Risk and Audit Services, explained that projects outlined in the report were defined as medium or high risk and that no projects were identified as critical. She clarified that projects identified as having medium risk could have a moderate impact on operations; projects identified as having high risk could potentially impact the success of operations.

In response to a question from Member Zuberi regarding staffing resources required to implement an IT Security and Management audit, Michelle Morris noted that the audit will be co-sourced; meaning the project will be contracted to an external IT auditor and that Enterprise Risk and Audit Services will provide the scope and manage the contract.

In response to a question from Member Fairhead regarding the use of best practice standards and information quality, Sean Baird noted that the Region employs different standards, as required, to address a broad range of topics; and, that the Region will consider opportunities to put new standards in place, as needed. He noted that the Region considers information quality with respect to internal protocols and would do the same in an audit process.

4.4. Asset Management Policy Update
Presentation by Sam Sidawi, Director, Enterprise Asset Management

Received

RECOMMENDATION ARC-7-2019

That the updated Asset Management Policy (F10-06), outlined in Appendix I of the report from the Commissioner of Finance and Chief Financial Officer, titled "Asset Management Policy Update," be approved.

Sam Sidawi, Director, Enterprise Asset Management, provided an overview of the Region's asset management program and the proposed updates to the Asset Management Policy. He reviewed the Regions increasing capital needs with respect to aging infrastructure, increased asset portfolio due to growth, climate change and provincial regulatory compliance requirements.

In response to a question from Councillor Sinclair regarding the purpose of the policy updates, Sam Sidawi noted that the updates provide compliance with provincial regulation and also allow the Region to continue to be an industry leader.

In response to questions from Councillors Fonseca and Dasko regarding potential asset management duplication, Sam Sidawi clarified that the policy provides guidance with respect to Region owned assets and that staff collaborate with other municipalities to ensure there is no duplication of effort.

In response to a question from Councillor Dasko regarding future innovation, Sam Sidawi noted the Region subscribes to ISO 55000 to ensure leading asset management practices are in place and that the corporation continues to move forward toward global best practices.

In response to a question from Councillor Sinclair regarding compliance with the Provincial Policy Statement, Sam Sidawi stated that alignment and compliance with the regulation is embedded in the Asset Management Policy.

In response to questions from Member Zuberi regarding the scope of the policy and data gaps, Sam Sidawi stated that the policy only includes those assets that depreciate and therefore does not include land. He noted that the Region has a good understanding of the data gaps and that full compliance is required by 2023.

5. COMMUNICATIONS - Nil

6. IN CAMERA MATTERS - Nil

7. OTHER BUSINESS

7.1. Rising Insurance Costs Due to the Impact of Water Based Damage Resulting from Climate Change (Oral)

Received

RECOMMENDATION ARC-8-2019

That information regarding risk analysis for the Region of Peel with respect to potential financial and economic impacts of rising insurance costs due to the impact of water-based damage resulting from climate change, be provided in a report to a future Committee meeting.

Member Fairhead provided an oral update to the committee regarding the potential financial and economic impact of rising insurance rates as a result of damage from water through climate change. Member Fairhead noted: that an increase in insurance rates due to flooding and water damage could reduce discretionary household spending, potentially lowering business activity and affecting employment; and, that some types of insurance, such as flood plain, may become unsustainable, in the future, potentially impacting current homeowners. He also questioned if housing values are to change as a result of rising insurance costs, if there could be an impact on the property tax base.

Staff will report back to a future Audit and Risk Committee Meeting regarding potential risks for the Region of Peel, with respect to rising insurance costs and economic and financial impacts; and, Committee members will be notified when reports go to Regional Council from climate change and public works with respect to actions taken to prevent impacts on housing due to climate change.

8. NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled for May 2, 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.

9. ADJOURNMENT

The meeting adjourned at 12:01p.m.