



Audit Committee

Minutes 4

Wednesday, 29 May 2019

9:30 am

Champlain Room, 110 Laurier Avenue W.

- Notes:**
1. *Please note that these Minutes are to be considered DRAFT until confirmed by Committee.*
 2. *Underlining indicates a new or amended recommendation approved by Committee.*
 3. *Except where otherwise indicated, reports requiring Council consideration will be presented to Council on 12 June 2019 in Audit Committee Report 3.*

Present: **Chair: Councillor J. Cloutier**
Vice-Chair: Councillor C.A. Meehan
Councillors: G. Darouze, E. El-Chantiry, A. Hubley and T. Kavanagh

DECLARATIONS OF INTEREST

No declarations of interest were filed.

CONFIRMATION OF MINUTES

Minutes 3 - April 8, 2019

CONFIRMED

CORPORATE SERVICES

CORPORATE FINANCE SERVICES

1. 2018 CITY OF OTTAWA CONSOLIDATED FINANCIAL STATEMENTS
ACS2019-CSD-FIN-0015 CITY WIDE
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COMMITTEE RECOMMENDATION

That the Audit Committee recommends Council approve the draft 2018 City of Ottawa Consolidated Financial Statements.

Ms. Isabelle Jasmin, Deputy City Treasurer, Corporate Finance spoke to a brief presentation with respect to the City's financial assets, liabilities, net debt, non-financial assets and accumulated surplus. From Ernst and Young, Ms. Suzie Gignac presented their findings of the 2018 Financial Statement Audit Results. Both presentations are held on file with the City Clerk and Solicitor. Marian Simulik, General Manager of Corporate Services and City Treasurer was in attendance and responded to questions from Committee members.

Staff responded to questions in regards to additional costs in reference to the Confederation Line, health care inflation rate and how it could impact future liabilities, and if significant events i.e. weather, bus accident would affect the numbers in the report.

After discussion, the Committee CARRIED the report recommendation as presented.

2. SINKING FUND FINANCIAL STATEMENTS 2018

ACS2019-CSD-FIN-0014

CITY WIDE

COMMITTEE RECOMMENDATION

That the Audit Committee recommends Council approve the Sinking Fund Financial Statements for 2018.

CARRIED

OFFICE OF THE AUDITOR GENERAL

3. OFFICE OF THE AUDITOR GENERAL – REPORT ON AUDIT FOLLOW-UPS
AND DETAILED AUDIT FOLLOW-UP REPORTS

ACS2019-OAG-BVG-0004

CITY WIDE

COMMITTEE RECOMMENDATION

That the Audit Committee receive the Report on the Audit Follow-ups and detailed audit follow-up reports and recommend that Council consider and approve the report recommendations.

Vice-Chair Meehan introduced the following motion

AC MOTION No. 4/1

Moved by Councillor C.A. Meehan

WHEREAS the Supporting Documentation titled:

“Office of the Auditor General – Report on Audit Follow-ups and detailed audit follow-up reports was not circulated with the agenda package;

THEREFORE BE IT RESOLVED that the Audit Committee approve the

addition of this document for consideration by the Committee at today's meeting, pursuant to Section 89(3) of the Procedure By-law (being By-law no. 2019-8).

CARRIED

Ken Hughes, Auditor General, Sonia Brennan, Deputy Auditor General and Ed Miner, Deputy Auditor General spoke to a PowerPoint presentation, a copy of which is held on file with the City Clerk. The following staff were in attendance to respond to questions:

- Marian Simulik, Acting City Manager
- Rick O`Connor, City Clerk and Solicitor
- Kevin Wylie, General Manager, Public Works and Environmental Services
- Quentin Levesque, Director, Roads & Parking Services
- Will McDonald, Chief Procurement Officer
- Sandro Carlucci, Chief Information Officer
- Christopher Fulton, Manager of Technology Security

Questions and responses were provided as follows:

- Accounts Payable
 - Issues with duplicate payments and how this will be resolved
 - Late fees: improvements have been made on training based on previous recommendations
 - New software will be fully implemented by 2020
 - Suggestion to compare with other cities on what software is being used, etc.
- Winter Maintenance
 - Climate change and the next steps that are being taken

- The anticipated timelines of completion with regards to the three partially completed recommendation
- The impacts/costs with respect to cars parked during snow removal

DIRECTION TO STAFF:

That Transportation Services ensure that delivery truck drivers are not aware of when the trucks will be weighed.

- IT Governance
 - Concern with the high turnover rate of Chief Information Officers (CIO)
 - If the proper structure is in place to ensure success for the person in the role of CIO
 - If the outstanding items are (or will be) included in the IT work plan
- IT Risk Management
 - If proper training is being offered
 - Reasons why this audit has been delayed
 - What measures are in place in terms of the validation process
 - The issues with respect to having centralized service as opposed to decentralized

In response to a question regarding further follow up specifically on the IT follow up audits, the Auditor General advised that an update can be included in the Remote Access Follow up report after Q4 2019.

The following Motion was put to Committee and LOST:

AC MOTION No. 4/2

Moved by Councillor C.A. Meehan

WHEREAS the Audit Committee has heard from City Staff and the Office of the Auditor General (OAG) regarding recommendations presented in the Follow-up Audit Reports; and

WHEREAS certain recommendations are considered partially complete by the OAG; and

WHEREAS sufficient time has elapsed to provide the Audit Committee with the reasonable expectation that all recommendations should have been considered complete by the OAG;

THEREFORE BE IT RESOLVED that the Audit Committee directs City Staff to provide an update on all Audit Report Recommendations heard here today which are considered partially complete by the OAG at the next Audit Committee meeting.

LOST on a division of two YEAS and four NAYS, as follows:

YEAS (2): Councillors C.A. Meehan, T. Kavanagh

NAYS (4): Councillors G. Darouze, E. El-Chantiry, A. Hubley, J. Cloutier

DIRECTION TO STAFF:

Direct the City Manager's Office to provide the Audit Committee, by the end of the day or this week, with digital copies of the audit recommendations tracking report that is currently maintained by the City Manager's Office.

Please refer to the In Camera item for the conclusion of this item.

IN CAMERA ITEM*

OFFICE OF THE AUDITOR GENERAL – REPORT ON AUDIT FOLLOW-UPS AND DETAILED AUDIT FOLLOW-UP REPORTS - FOLLOW-UP TO THE 2015 AUDIT OF IT SECURITY INCIDENT HANDLING AND RESPONSE

ACS2019-OAG-BVG-0004

CITY WIDE

The following motion was introduced:

AC MOTION 4/3

Moved by Councillor C.A. Meehan

That, in accordance with Procedure By-law 2019-8, the Audit Committee resolve *In Camera* pursuant to Subsection 13(1)(a), the security of the property of the City, based upon the rationale set out in the Legal Implications section of the report titled “Office of the Auditor General – Report on Audit Follow-ups and detailed audit follow-up reports” in order to receive from the Auditor General the Follow-Up to the 2015 Audit of Information Technology Security Incident Handling and Response.

CARRIED

Upon Resuming in open session, Chair Cloutier advised that the Audit Committee met *In Camera* to consider the Follow-up to the 2015 Audit of IT Security Incident Handling and Response Report.

The Chair noted that during the *In Camera* session, the Auditor General and staff provided a Presentation and answered questions from the Committee. No votes were taken except for the Procedural motion to rise from the *In Camera* session.

It is recommended that this confidential audit report will not be reported out based on the legal opinion set out in the Legal Implications section of the report titled “Follow-up to the 2015 Audit of IT Security Incident Handling and Response Report”.

The report set out in Item 3 and listed as an *In-Camera* item of the Audit Committee Agenda was CARRIED as presented.

ADJOURNMENT

The meeting adjourned at 1:42 pm.