



**Audit Committee**

**Minutes 7**

**Tuesday, 26 November 2019**

**9:30 am**

**Champlain Room, 110 Laurier Avenue W.**

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- 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 11 December 2019 in Audit Committee Report 6.*

**Present:**

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

**DECLARATIONS OF INTEREST**

No declarations of interest were filed.

CONFIRMATION OF MINUTES

Minutes 6 - October 22, 2019

CONFIRMED

***NOTE: At the request of the Chair, and with the concurrence of all members present and voting, the Audit Committee meeting agenda was reordered as it appears below.***

**FINANCIAL SERVICES**

**CORPORATE FINANCE SERVICES**

1. 2019 ERNST & YOUNG AUDIT PLAN

ACS2019-FSD-FIN-0008

CITY WIDE

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**REPORT RECOMMENDATION**

**That the Audit Committee receive this report and forward to Council for information.**

Ms. Suzanne Gignac from Ernst & Young spoke to a PowerPoint presentation, which served to provide Committee with an overview of the 2019 Ernst & Young Audit Plan. A copy of the presentation is held on file with the City Clerk. Ms. Isabelle Jasmin, Deputy City Treasurer, Corporate Finance was in attendance to respond to questions. Councillors S. Menard, C. McKenney, K. Egli, L. Dudas and J. Leiper were also in attendance for this item.

Following the presentation, Ms. Gignac responded to questions as to whether LRT is included in the audit plan and how the area of audit emphasis is the same as last year.

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

**OFFICE OF THE AUDITOR GENERAL**

2. OFFICE OF THE AUDITOR GENERAL (OAG) 2020 AUDIT WORK PLAN  
ACS2019-OAG-BVG-0010 CITY WIDE
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**REPORT RECOMMENDATION**

**That the Audit Committee recommend Council approve the Office of the Auditor General's 2020 Audit Work Plan.**

The motion below is pertaining to Items 2 and 4:

**AC MOTION No. 2019 1/7**

Moved by Councillor C.A. Meehan

**WHEREAS the Supporting Documentation for the items 2 and 4 titled:**

**"OFFICE OF THE AUDITOR GENERAL (OAG) 2020 AUDIT WORK PLAN" and "OFFICE OF THE AUDITOR GENERAL (OAG) – ANNUAL REPORT AND DETAILED AUDIT REPORTS" was not circulated with the agenda package;**

**THEREFORE BE IT RESOLVED that the Audit Committee approve the addition of these documents 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

At the outset, Vice-Chair Meehan read the following two motions:

*WHEREAS every year the Auditor General meets with all Members of Council in order to obtain their insights and feedback on potential audits in preparation for the Audit Committee and City Council considering his annual Audit Work Plan; and*

*WHEREAS this internal consultation process was undertaken, and the report entitled, "Office of the Auditor General (OAG) 2020 Audit Work Plan" was published on Friday, November 15, 2019, in the Audit Committee Agenda to be considered at the meeting on Tuesday, November 26, 2019; and*

*WHEREAS the proposed 2020 Work Plan for the OAG included seven audits; and*

*WHEREAS recent events with the combined OC Transpo Bus and Light Rail system have raised concerns and caused the Office of the Auditor General, the public and some Members of Council to express a desire to revise the OAG's 2020 Audit Work Plan by adding an audit related to the demand forecasting and scheduling at OC Transpo; and*

*WHEREAS Subsection 223.19(1) of the Municipal Act, 2001, mandates that an Auditor General "who reports to council and is responsible for assisting the council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations"; and*

*WHEREAS Subsection 223.19(2) of the Act mandates that a statutory "Auditor General shall perform his or her responsibilities under this Part in an independent manner"; and*

*WHEREAS the OAG's statutory requirement to perform "in an independent manner", is supported by Subsection 6(5) of By-law No. 2013-375, as amended, being the by-law to establish the position and duties of the City's Auditor General, expressly provides that the "audit work plan shall be approved by Council" and that the "approved audits shall be conducted at such time and to the extent that the Auditor General considers appropriate";*

*THEREFORE BE IT RESOLVED THAT the report entitled, "Office of the Auditor General (OAG) 2020 Audit Work Plan" be amended by adding a comprehensive audit concerning the Audit of OC Transpo Demand Forecasting and Scheduling; and*

*BE IT FURTHER RESOLVED THAT the "Audit of IT Hardware, Asset Management" and the "Audit of the Pcard Payment System" be deleted from this report and subsequently added to the Auditor General's proposed Audit Work Plan for consideration by the Audit Committee and Council in 2021.*

*WHEREAS; the Office of the Auditor General has circulated the draft 2020 Workplan for consideration at the Audit Committee meeting of November 26th, 2019 and*

*WHEREAS; a last minute addition to include an audit of OC Transpo Demand Forecasting and Scheduling will be presented to the committee and*

*WHEREAS; an audit of IT Hardware, Asset Management and an audit of the Pcard Payment System will be deferred due to budgetary limitations within the draft 2020 Audit Committee budget*

*THEREFORE BE IT RESOLVED that Audit Committee approve an increase of \$200,000 be allocated from the Tax Stabilization Reserve as a one-time transfer to fund the Audit Committee Budget including the draft 2020 Workplan as amended to include an audit of OC Transpo Demand Forecasting and Scheduling.*

Ken Hughes, Auditor General spoke to a PowerPoint presentation, with the assistance of Sonia Brennan, Deputy Auditor General and Ed Miner, Deputy Auditor General. A copy of the presentation is held on file with the City Clerk. Wendy Stephanson, Deputy City Treasurer was in attendance to respond to questions. Councillors S. Menard, C. McKenney, K. Egli, L. Dudas and J. Leiper were also in attendance for this portion of the agenda.

Questions were in relation to the stabilization fund, the proposed motions and the funding surrounding these requests, the 2017 Follow-Up of the Audit on the Lansdowne Partnership Plan and the 2019 Compliance Audit of the Lansdowne Waterfall.

After discussion, Committee voted on the proposed motions as follows:

**AC MOTION No. 2019 2/7**

Moved by Councillor C.A. Meehan

**WHEREAS; the Office of the Auditor General has circulated the draft 2020 Workplan for consideration at the Audit Committee meeting of November 26th, 2019 and**

**WHEREAS; a last minute addition to include an audit of OC Transpo Demand Forecasting and Scheduling will be presented to the committee**

and

**WHEREAS; an audit of IT Hardware, Asset Management and an audit of the Pcard Payment System will be deferred due to budgetary limitations within the draft 2020 Audit Committee budget**

**THEREFORE BE IT RESOLVED that Audit Committee approve an increase of \$200,000 be allocated from the Tax Stabilization Reserve as a one-time transfer to fund the Audit Committee Budget including the draft 2020 Workplan as amended to include an audit of OC Transpo Demand Forecasting and Scheduling.**

LOST, on a division of 1 yeas and 5 nays, as follows:

YEAS (1): Councillors C. Meehan

NAYS (5): Councillors J. Cloutier, E. El-Chantiry, T. Kavanagh, G. Darouze, A. Hubley

**AC MOTION No. 2019 3/7**

Moved by Councillor C.A. Meehan

**WHEREAS every year the Auditor General meets with all Members of Council in order to obtain their insights and feedback on potential audits in preparation for the Audit Committee and City Council considering his annual Audit Work Plan; and**

**WHEREAS this internal consultation process was undertaken, and the report entitled, “Office of the Auditor General (OAG) 2020 Audit Work Plan” was published on Friday, November 15, 2019, in the Audit Committee Agenda to be considered at the meeting on Tuesday, November 26, 2019; and**

**WHEREAS the proposed 2020 Work Plan for the OAG included seven audits; and**

**WHEREAS recent events with the combined OC Transpo Bus and Light Rail system have raised concerns and caused the Office of the Auditor General, the public and some Members of Council to express a desire to**

**revise the OAG's 2020 Audit Work Plan by adding an audit related to the demand forecasting and scheduling at OC Transpo; and**

**WHEREAS Subsection 223.19(1) of the *Municipal Act, 2001*, mandates that an Auditor General “who reports to council and is responsible for assisting the council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations”; and**

**WHEREAS Subsection 223.19(2) of the Act mandates that a statutory “Auditor General shall perform his or her responsibilities under this Part in an independent manner”; and**

**WHEREAS the OAG's statutory requirement to perform “in an independent manner”, is supported by Subsection 6(5) of By-law No. 2013-375, as amended, being the by-law to establish the position and duties of the City's Auditor General, expressly provides that the “audit work plan shall be approved by Council” and that the “approved audits shall be conducted at such time and to the extent that the Auditor General considers appropriate”;**

**THEREFORE BE IT RESOLVED THAT the report entitled, “Office of the Auditor General (OAG) 2020 Audit Work Plan” be amended by adding a comprehensive audit concerning the Audit of OC Transpo Demand Forecasting and Scheduling; and**

**BE IT FURTHER RESOLVED THAT the “Audit of IT Hardware, Asset Management” and the “Audit of the Pcard Payment System” be deleted from this report and subsequently added to the Auditor General's proposed Audit Work Plan for consideration by the Audit Committee and Council in 2021.**

CARRIED

**CORPORATE SERVICES**

**CORPORATE FINANCE SERVICES**

3. 2020 DRAFT OPERATING AND CAPITAL BUDGET – AUDIT COMMITTEE  
ACS2019-FSD-FIN-0007 CITY WIDE
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**REPORT RECOMMENDATION**

**That the Audit Committee consider the relevant portions of the draft 2020 Operating and Capital Budgets, and forward its recommendations to Council, sitting as Committee of the Whole, for consideration at the meeting to be held December 11, 2019.**

Isabelle Jasmin, Deputy Treasurer, Finance provided a presentation, which is held on file with the City Clerk.

After discussion, the Committee voted on the following motion:

**AC MOTION No. 2019 4/7**

Moved by Councillor C.A. Meehan

**That the Audit Committee recommend that Council, sitting as Committee of the Whole, approve the Audit Committee 2020 Draft Budget - Operating Resource Requirement (p. 3).**

CARRIED



## OFFICE OF THE AUDITOR GENERAL

### 4. OFFICE OF THE AUDITOR GENERAL (OAG) – ANNUAL REPORT AND DETAILED AUDIT REPORTS

ACS2019-OAG-BVG-0011

CITY WIDE

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### REPORT RECOMMENDATION

**That the Audit Committee receive the OAG's Annual Report and detailed audit reports on November 26, 2019 and recommend that Council consider and approve the audit recommendations.**

CARRIED

*Refer to Item 2 for Motion No. 2019 1/7 regarding the supporting documentation*

Chair Jean Cloutier, declared a point of personal privilege on the following portion of the Office of the Auditor General (OAG) – Annual Report and Detailed Audit Reports:

- Audit of City of Ottawa Superannuation Fund

As he is a member of the Board. He declared this relationship to provide transparency in the spirit of Section 1 of the Code of Conduct for Members of Council.

As this was not a Declaration of Interest, Councillor Cloutier did take part in the discussion on this item.

Ken Hughes, Auditor General, Sonia Brennan, Deputy Auditor General and Ed Miner, Deputy Auditor General spoke to a PowerPoint presentation which served to provide an overview of the following audits: *[A copy of the PowerPoint presentation is held on file with the City Clerk]*

- Audit of Benefits Processing – Compliance and Program Management
- Audit of City Estimates

- Audit of City of Ottawa Superannuation Fund (COSF)
- Audit of Light Rail Transit (LRT) Land Negotiations and Purchases
- Audit of Stage 2 Light Rail Transit (LRT) Project Procurement
- Audit of Ottawa Fire Services – Fire Suppression
- Audit of Planning, Infrastructure and Economic Development Department – Land Management System (to be presented In Camera)

Councillors S. Menard, K. Egli and C. McKenney were in attendance for this portion of the meeting.

The following staff were in attendance to respond to questions:

- Steve Kanellakos, City Manager
- David White, City Solicitor, Legal Services, Innovative Client Services Department
- Elizabeth Marland, Director, Human Resources Services, Innovative Client Services Department
- Will McDonald, Chief Procurement Officer, Supply Services, Innovative Client Services Department
- Pat Scrimgeour, Director, Transit Customer Systems and Planning, Transportation Services Department
- Vivi Chi, Director, Transportation Planning Services, Transportation Services Department
- Kim Ayotte, Fire Chief, Emergency and Protective Services Department

Questions and responses pertained to the following audits:

- Audit of Benefits Processing – Compliance and Program Management
  - Penalties owed; the number of staff on long term disability; comparability to other cities and external benefits.
- Audit of City Estimates

- Long term ridership; fare zones and fare evasions; data collected during construction of LRT; outstanding recommendations and long range financial planning (Transit).
- Audit of City of Ottawa Superannuation Fund (COSF)
  - The number of members since its conception; reserve surplus and fraud cases.
- Audit of Stage 2 Light Rail Transit (LRT) Project Procurement
  - Delegation of authorities; technical evaluation and bidding processes and the list of members of the Technical Evaluation Team.
- Audit of Ottawa Fire Services – Fire Suppression
  - Percentage of women in fire services; training process and recruitment.

After discussion, the Committee RECEIVED and CARRIED the item as presented.

**IN CAMERA ITEM\***

OFFICE OF THE AUDITOR GENERAL (OAG) – ANNUAL REPORT AND DETAILED AUDIT REPORTS - AUDIT OF PLANNING, INFRASTRUCTURE AND ECONOMIC DEVELOPMENT DEPARTMENT – LAND MANAGEMENT SYSTEM - WILL BE REPORTED OUT UPON FINAL CONCLUSION OF THE LITIGATION/NEGOTIATIONS

ACS2019-OAG-BVG-0011

CITY WIDE

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The following motion was introduced:

**AC MOTION No. 2019 5/7**

Moved by Councillor C.A. Meehan

**That, in accordance with Procedure By-law 2019-8, the Audit Committee resolve**

***In Camera* pursuant to Subsections 13(1)(e) litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; (f) advice that is subject to solicitor-client privilege, including communications necessary for that purpose; or (k) a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.**

CARRIED

Upon Resuming in open session, Chair Cloutier advised that the Audit Committee met *In Camera* to consider the Audit of Planning, Infrastructure and Economic Development Department – Land Management System.

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.

This confidential audit report will be reported out upon final conclusion of the litigations/negotiations.

The report set out in Item 4 and listed as an *In-Camera* item of the Audit Committee Agenda was CARRIED as presented.

ADJOURNMENT

The meeting adjourned at 2:50 pm.

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**Committee Coordinator**

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**Chair**