

**THE REGIONAL MUNICIPALITY OF NIAGARA  
AUDIT COMMITTEE  
OPEN SESSION**

**AC 1-2020**

**Monday, January 20, 2020**

**Council Chamber**

**Niagara Region Headquarters, Campbell West**

**1815 Sir Isaac Brock Way, Thorold, ON**

Committee: Bradley (Regional Chair), Foster, Gale, Redekop, Rigby (Committee Chair), Whalen (Committee Vice-Chair)

Other Councillors: Sendzik

Staff: E. Amirault, Associate Director, Finance, Operations & Systems, H. Chamberlain, Director, Financial Management & Planning/Deputy Treasurer, X. Gao, Internal Audit Analyst, T. Harrison, Commissioner, Corporate Services/Treasurer, F. Marcella, Manager, Internal Audit, B. Menage, Director, Procurement & Strategic Acquisitions, M. Murphy, Associate Director, Budget, Planning & Strategy, A.-M. Norio, Regional Clerk, C. Ryall, Director, Transportation Services, M. Trennum, Deputy Regional Clerk, R. Tripp, Acting Chief Administrative Officer/Commissioner, Public Works

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**1. CALL TO ORDER**

Committee Chair Rigby called the meeting to order at 1:00 p.m.

**2. DISCLOSURES OF PECUNIARY INTEREST**

There were no disclosures of pecuniary interest.

**3. PRESENTATIONS**

There were no presentations.

**4. DELEGATIONS**

There were no delegations.

**5. ITEMS FOR CONSIDERATION**

Todd Harrison, Commissioner, Corporate Services/Treasurer, provided information respecting Internal Controls and Organizational Performance divisional restructuring and outstanding audit reports. He advised that additional information respecting the restructuring would be of a confidential nature and Committee would need to move into closed session.

Moved by Councillor Whalen  
Seconded by Councillor Foster

That this Committee **DO NOW MOVE** into closed session for the purposes of receiving information of a confidential nature respecting:

A Matter respecting personal matters about identifiable individuals and employee negotiations – Internal Controls and Organizational Performance Divisional Restructuring and Outstanding Audit Reports.

**Carried**

Committee resolved into closed session at 1:05 p.m.

Committee reconvened in open session at 1:22 p.m. with the following individuals in attendance:

Committee: Bradley (Regional Chair), Foster, Gale, Redekop, Rigby (Committee Chair), Whalen (Committee Vice-Chair)

Other Councillors: Sendzik

Staff: E. Amirault, Associate Director, Finance, Operations & Systems, H. Chamberlain, Director, Financial Management & Planning/Deputy Treasurer, X. Gao, Internal Audit Analyst, T. Harrison, Commissioner, Corporate Services/Treasurer, F. Marcella, Manager, Internal Audit, B. Menage, Director, Procurement & Strategic Acquisitions, M. Murphy, Associate Director, Budget, Planning & Strategy, A.-M. Norio, Regional Clerk, C. Ryall, Director, Transportation Services, M. Trennum, Deputy Regional Clerk, R. Tripp, Acting Chief Administrative Officer/Commissioner, Public Works

## **5. ITEMS FOR CONSIDERATION**

### **5.1 AC-C 1-2020**

2020 Audit Committee Schedule

Moved by Councillor Gale  
Seconded by Councillor Redekop

That the Audit Committee meetings **BE HELD** on Mondays at 1:00 p.m. on the following dates in 2020:

February 10, May 11, September 21 and December 7.

**Carried**

5.2 AC-C 2-2020

Procurement Audit Report

Moved by Councillor Redekop  
Seconded by Councillor Foster

That Report AC-C 2-2020, dated January 20, 2020, respecting Procurement Audit Report, **BE RECEIVED** and the following recommendation **BE APPROVED**:

1. That staff **BE DIRECTED** to implement the recommendations contained in Appendix 1 of Report AC-C 2-2020.

Moved by Councillor Gale  
Seconded by Councillor Whalen

That the motion **BE AMENDED** to include the following clauses:

1. That the Audit Committee **RETAIN** the services of Deloitte to conduct a comprehensive and independent financial and process audit of all single source procurements, which occurred from January 2018 to December 2019, and report back to the Audit Committee on their findings and recommendations; and
2. That the auditors **BE DIRECTED** to conduct an exit interview with the terminated Director of Internal Audit for his feedback; and
3. That the Manager of Internal Audit together with the Director of Procurement **REPORT BACK** to the Audit Committee, independent of senior staff, with cost and a plan associated with establishing an independent Audit Office at Niagara Region as envisioned by the *Municipal Act, 2001*.

Councillor Redekop spoke on a point of order stating the proposed amendment related to both Report AC-C 2-2020 (Agenda Item 5.2) and Report AC-C 3-2020 (Agenda Item 5.3).

Committee Chair Rigby advised that the motion could be considered under Other Business (Agenda Item 7.0); therefore, Councillor Gale withdrew his motion to amend.

The following friendly **amendment** was accepted by the Committee Chair, and the mover and seconder of the motion:

That Report AC-C 2-2020, dated January 20, 2020, respecting Procurement Audit Report, **and Report AC-C 3-2020, dated January 20, 2020, respecting Non-competitive Procurement Audit Report BE RECEIVED** for information; **and**

That staff **BE DIRECTED** to ~~implement the recommendations contained in Appendix 1 of Report AC-C 2-2020~~ **to provide information on the status of the recommendations contained in appendix 1 of Report AC-C 2-2020 and appendix 1 of Report AC-C 3-2020.**

The Committee Chair called the vote on the motion, as amended, as follows:

That Report AC-C 2-2020, dated January 20, 2020, respecting Procurement Audit Report, and Report AC-C 3-2020, dated January 20, 2020, respecting Non-competitive Procurement Audit Report **BE RECEIVED** for information; and

That staff **BE DIRECTED** to provide information on the status of the recommendations contained in appendix 1 of Report AC-C 2-2020 and appendix 1 of Report AC-C 3-2020.

**Carried**

**Councillor Information Request(s):**

Provide information respecting which departments or program areas reported the issues related to procurement as outlined in the appendices of Report AC-C 2-2020 and Report AC-C 3-2020. Councillor Redekop.

**6. CONSENT ITEMS FOR INFORMATION**

Moved by Councillor Foster  
Seconded by Councillor Gale

That the following items **BE RECEIVED** for information:

AC-C 31-2019

Approved Audited Statement of Revenues and Expenses for 527 Carlton Street, Niagara Regional Housing Project

PHD 15-2019

Approval of the 2018 Healthy Babies, Healthy Children Program Schedule of Revenues and Expenses

COM 34-2019

Approval of 2018 Child Care Services Schedule of Revenues and Expenses

**Carried**

## 7. **OTHER BUSINESS**

### 7.1 Internal Audit Services

Moved by Councillor Gale

Seconded by Councillor Whalen

1. That the Audit Committee **RETAIN** the services of Deloitte to conduct a comprehensive and independent financial and process audit of all single source procurements, which occurred from January 2018 to December 2019, and report back to the Audit Committee on their findings and recommendations; and
2. That the auditors **BE DIRECTED** to conduct an exit interview with the terminated Director of Internal Audit for his feedback; and
3. That the Manager of Internal Audit together with the Director of Procurement, **REPORT BACK** to the Audit Committee, independent of senior staff, with cost and a plan associated with establishing an independent Audit Office at Niagara Region as envisioned by the *Municipal Act*.

The following friendly **amendment** was accepted by the Committee Chair, and the mover and seconder of the motion:

That clause 1 of the motion **BE AMENDED** as follows:

1. That the Audit Committee **RETAIN** the services of ~~Deloitte~~ **an external auditor** to conduct a comprehensive and independent financial and process audit of all ~~single source~~ **procurement matters reference in Reports AC-C 2-2020 and AC-C 3-2020 including all** procurements, which occurred from January 2018 to December 2019, and report back to the Audit Committee on their findings and recommendations.

The following friendly **amendment** was accepted by the Committee Chair, and the mover and seconder of the motion:

That the motion **BE AMENDED** to remove clause 3.

The following friendly **amendment** was accepted by the Committee Chair, and the mover and seconder of the motion:

That clause 1 of the motion **BE AMENDED** as follows:

1. That the Audit Committee **RETAIN** the services of an external auditor to conduct a comprehensive and independent financial and process audit of all procurement matters referenced in Reports AC-C 2-2020 and AC-C 3-2020 including all procurements which occurred from January 2018 to ~~December 2019~~ **the date the audit commences**, and report back to the Audit Committee on their findings and recommendations

The Committee Chair called the vote on the motion, as amended.

Clause 1 of the motion was considered separately as follows:

1. That the Audit Committee **RETAIN** the services of an external auditor to conduct a comprehensive and independent financial and process audit of all procurement matters referenced in Reports AC-C 2-2020 and AC-C 3-2020 including all procurements which occurred from January 2018 to the date the audit commences, and report back to the Audit Committee on their findings and recommendations.

**Carried**

Clause 2 of the motion was considered separately as follows:

2. That the auditors **BE DIRECTED** to conduct an exit interview with the terminated Director of Internal Audit for his feedback.

**Defeated**

**Councillor Information Request(s):**

Provide a report on the approval limitations put on the Region in comparison with other Municipalities of similar size, respecting what could change and not change. Councillor Whalen.

**9. NEXT MEETING**

The next meeting will be held on Monday, February 10, 2020 at 1:00 p.m. in the Council Chamber.

**10. ADJOURNMENT**

There being no further business, the meeting adjourned at 2:58 p.m.

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Tim Rigby  
Committee Chair

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Matthew Trennum  
Deputy Regional Clerk

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Ann-Marie Norio  
Regional Clerk