

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

**BUREAU DU VÉRIFICATEUR GÉNÉRAL – RAPPORT SUR LES SUIVIS DE  
VÉRIFICATIONS ET LES RAPPORTS DÉTAILLÉS CONNEXES**

**COMMITTEE RECOMMENDATION**

**That Council consider and approve the report recommendations.**

**RECOMMANDATION DU COMITÉ**

**Que le Conseil examine et approuve les recommandations du rapport.**

**DIRECTION TO STAFF:**

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

**INSTRUCTIONS AU PERSONNEL**

Demander au Bureau du directeur municipal de fournir au Comité de la vérification des versions numériques de son rapport sur le suivi de l'état d'avancement des recommandations, et ce, d'ici la fin de la journée.

DOCUMENTATION/DOCUMENTATION

1. Auditor General's Report, dated May 17, 2019 (ACS2019-OAG-BVG-0004)

Rapport du vérificateur général, daté le 17 mai 2019 (ACS2018-OAG-BVG-0004)

2. Extract of draft Minutes, Audit Committee, 29 May 2019

Extrait de l'ébauche du procès-verbal, Comité de la vérification, le 29 mai 2019

**Report to  
Rapport au:**

**Audit Committee  
Comité de la vérification  
29 May 2019 / 29 mai 2019**

**and Council  
et au Conseil  
12 June 2019 / 12 juin 2019**

**Submitted on May 17, 2019  
Soumis le 17 mai 2019**

**Submitted by  
Soumis par:  
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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2019-OAG-BVG-0004**

**SUBJECT: Office of the Auditor General – Report on Audit Follow-ups and detailed audit follow-up reports**

**OBJET: Bureau du vérificateur général – Rapport sur les suivis de vérifications et les rapports détaillés connexes**

## **REPORT RECOMMENDATIONS**

**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.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Comité de la vérification prenne connaissance du Rapport sur les suivis de vérifications et les rapports détaillés connexes et recommande au Conseil d'examiner et d'approuver les recommandations du rapport.**

## **BACKGROUND**

The Office of the Auditor General conducts audit follow-ups two to three years after an audit is complete to afford management time to implement the recommendations. A follow-up may be conducted sooner if corrective action is complete. A best practice, follow-ups are part of a complete audit process and are conducted to ensure the required measures, as promised by management and approved by Council, have been effectively implemented.

## **DISCUSSION**

The follow-ups contained in this report are:

- Follow-up to the 2015 Audit of Accounts Payable
- Follow-up to the 2015 Audit of the Automated Meter Reading Project
- Follow-up to the 2014 Audit of Winter Operations: Capacity Planning and Performance Measurement
- Follow-up to the 2015 Audit of IT Governance
- Follow-up to the 2015 Audit of IT Risk Management
- Follow-up to the 2015 Audit of IT Security Incident Handling and Response

## **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

## **CONSULTATION**

As this is considered an internal administrative matter, no public consultation was undertaken.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a city-wide issue.

## **ADVISORY COMMITTEE(S) COMMENTS**

This section does not apply, as this is a city-wide administrative report.

## **LEGAL IMPLICATIONS**

There are no legal impediments to the Audit Committee and Council considering this report.

Parts of both the Follow-up to the 2015 Audit of IT Security Incident Handling and Response and the Follow-up to the 2015 Audit of IT Governance reports are to be presented to the Committee in closed session and are not to be reported out. The comments set out below explain the underlying rationale for this recommended approach as it relates to the “security of the property” of the City.

The ‘open meetings’ rule under the *Municipal Act, 2001* provides that “all meetings” of municipal councils and local boards “shall be open to the public”, however subsection 239(2) sets out a number of discretionary provisions that enable a municipal council or local board to pass a motion and move into closed session (i.e. *in camera*) to discuss certain matters. Subsection 239(2)(a) stipulates that a meeting or part of a meeting may be closed to the public if the subject matter being considered is “the security of the property of the municipality or local board” and this and other exemptions are reiterated in Section 13 of the City’s *Procedure By-law*.

The Follow-up to the 2015 Audit of IT Security Incident Handling and Response was referenced in the Auditor General’s 2017 Work Plan (approved by Council on December 14, 2016). The original Audit report was received and carried by Council on December 9, 2015, following a highly publicized breach of the City of Ottawa’s website in November 2014. The message that appeared on the website in November 2014 read, “You have been hacked” along with the following lines: “We can destroy everything, this

is a flex of our power. Please, test us.” As such, the Follow-up to the 2015 Audit of IT Security Incident Handling and Response seeks to address “specific matters surrounding [this] cyber security event”. In keeping with the approach adopted in the original Audit report, parts may therefore be presented *in-camera* should the Committee decide to move into closed session.

The Follow-up to the 2015 Audit of IT Governance was referenced in the Auditor General’s 2016 Work Plan (approved by Council on December 9, 2015). The original Audit report was received and carried by Council on March 25, 2015. Similar to the Audit of IT Security Incident Handling and Response, parts of the report are to be presented *in-camera* in order to consider some specific IT matters.

As one of the discretionary reasons for a municipal council or local board to consider a matter *in camera*, it is important to note that the phrase “security of the property of the municipality” has not been expressly defined in the *Municipal Act, 2001*. That said, both the Provincial Ombudsman, who is the Meetings Investigator for over 200 municipalities, the Local Authorities Services Ltd. (LAS), and the Closed Meeting Investigator Program that is available via the Association of Municipalities of Ontario, have issued a number of closed meeting reports that set out the application of this discretionary exception provision. It may be noted that these interpretations are based upon earlier decisions of the Information and Privacy Commissioner of Ontario (IPC). In a 2009 decision involving the City of Toronto, the IPC reviewed the phrase, “security of the property of the municipality” and concluded as follows:

*In my view, ‘security of the property of the municipality’ should be interpreted in accordance with its plain meaning, which is the protection of property from physical loss or damage (such as vandalism or theft) and the protection of public safety in relation to the property.*

In a later 2011 report involving the City of Toronto, the IPC determined that the word “property” in the phrase “security of the property” could include both corporeal (having a physical or tangible existence, like land) or incorporeal (something that is intangible or not physical, such as a legal right) matters. This analysis has been summarized in the 2013 edition of the LAS document entitled, *What You Need to Know About: Closed Meetings* in the following manner:

*Property includes not only the physical assets of the municipality but also some of its financial records and intellectual property. Security of information and records, both in hard copy and electronic, are included in this exception.*

In addition, the IPC has noted that, in order to establish that the security of the property exception applies, the municipality must show that it owns the property and that the subject matter being considered at the closed meeting is “security” in the sense of “taking measures to prevent loss or damage to that property”. In this same vein, the *Ombudsman’s Sunshine Law Handbook (3rd edition)* states that ‘security of the property’ includes:

*Discussions relating to the protection of property from physical loss or damage and the protection of public safety in relation to this property.*

Taken together, the above-noted cases and comments suggest that, in order for a municipality to rely upon the “security of the property” exemption to hold a closed meeting, the municipality must be able to establish that:

1. It owns the corporeal or incorporeal property identified; and
2. The consideration of the matter at the meeting is, in fact, the security of that property, including taking the appropriate measures to prevent the loss of, or damage to, that property.

The discretionary exception to the open meeting rule for the ‘security of the property’ would meet that two-part test and apply with regards to the Committee’s consideration of parts of the Follow-up Audits. The ‘property’ of the City in this instance includes its website, being a valuable tangible asset and certain matters described within parts of the Follow-up Audits including technical security controls that are measures aimed at preventing loss or damage to this City property.

Finally, it should be noted that some of the data currently held on the City’s IT infrastructure includes personal information and personal health information that is regulated under the Provincial *Municipal Freedom of Information and Protection of Privacy Act* and the *Personal Health Information Protection Act, 2004*. Similarly, the City’s IT infrastructure contains the personal information of OC Transpo employees, which is also governed by the Federal *Personal Information Protection and Electronic Documents Act*. The above statutes require that such information be secured and

protected against unauthorized access, use, and disclosure, as the case may be. Therefore, holding portions of the Audit Committee meeting *in camera* may be viewed as a reasonable step to prevent any breaches of these statutes as well.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

### **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this report.

### **TERM OF COUNCIL PRIORITIES**

This report supports the Term of Council Priority related to Governance, Planning and Decision Making.

### **SUPPORTING DOCUMENTATION** (*Held on file with the City Clerk*)

On May 29, 2019, the following report will be tabled at Audit Committee and will be on file with the City Clerk:

- Office of the Auditor General: Report on Audit Follow-ups and detailed audit follow-up reports – Tabled at Audit Committee May 29, 2019
- Bureau du vérificateur général : Rapport sur les suivis de vérifications et les rapports détaillés connexes – Déposé devant le Comité de la vérification le 29 mai 2019

### **DISPOSITION**

The Office of the Auditor General will proceed according to the direction of the Audit Committee and Council in considering this report.