

THE CITY OF TORONTO

Clerk's Department

Minutes of the Audit Committee

Meeting No. 1

Tuesday, March 24, 1998.

The Audit Committee met on Tuesday, March 24, 1998, in Committee Room C, 2nd Floor, Metro Hall, Toronto, commencing at 9:30 a.m.

Members Present:

Councillor Mahood, Chair
Councillor Bussin
Councillor Minnan-Wong

1. Membership of Audit Committee.

The Audit Committee had before it a communication (January 14, 1998) from the City Clerk listing the Members appointed to the Audit Committee for a term of office expiring on May 31, 1999, and/or their successors are appointed.

On motion by Councillor Minnan-Wong, the Audit Committee received the aforementioned communication from the City Clerk.

2. Briefing - Audit Committee

The Audit Committee viewed an overhead presentation respecting the structure and operation of the Audit Department given by Mr. Jeffrey Griffiths, City Auditor, as background information in connection with the Terms of Reference of the Committee and the audit services being proposed for the new City of Toronto.

On motion by Councillor Minnan-Wong, the Audit Committee received the aforementioned overhead presentation.

3. Terms of Reference - Audit Committee

The Audit Committee had before it a report (March 4, 1998) from the City Auditor, setting out Terms of Reference for the Audit Committee and recommending that the size of the Committee be increased from three to five.

The Audit Committee recognized that changing the size of the membership of the Committee would require the re-opening of a previous decision of Council.

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On motion by Councillor Bussin, the Audit Committee recommended to the Strategic Policies and Priorities Committee, and Council, the adoption of the Terms of Reference for the Audit Committee as set out in the report (March 4, 1998) from the City Auditor.

The Audit Committee reported to the Strategic Policies and Priorities Committee, and Council, having requested the Chair of the Audit Committee to place a notice of motion on the agenda for the Council Meeting to be held on April 16, 1998, request Council to:

- (1) reconsider its decision made at its meeting held on January 2, 6, 8 and 9, 1998, to appoint three members to the Audit Committee;
- (2) increase the size of the Audit Committee to a membership of five; and
- (3) authorize the introduction of the necessary Bill in Council to amend Procedure By-law No. 23-1998 to give effect thereto.

(Strategic Policies and Priorities Committee - March 25, 1998)

4. The Audit Committee moved in camera at 9:50 a.m., with all members present, to consider the following:

- (1) Joint Report from the Chief Administrative Officer, City Auditor and Chief Financial Officer and Treasurer (February 6, 1998) on the provision of audit services to the new City of Toronto; and
- (2) Confidential report from the City Auditor (March 4, 1998) - "Audit Report - Novell Network Computer System".

The Audit Committee reconvened in public session at 11:15 a.m..

5. Audit Services

The Audit Committee had before it a joint report (February 6, 1998) from the Chief Administrative Officer, City Auditor and Chief Financial Officer and Treasurer, on the provision of audit services to the new City of Toronto.

In this connection, the Audit Committee also had before it communications from the following:

- (a) Mr. Denis Casey, Acting President, CUPE Local 79 (March 20, 1998); and
- (b) Mr. John Woods, Auditor of the former City of Toronto (March 16, 1998).

The following persons appeared before the Audit Committee in connection with this matter:

- Mr. Denis Casey, Acting President, CUPE Local 79
- Ms. Ann Dembinski, Second Vice-President, CUPE Local 79

Moved by Councillor Bussin, that:

- (1) the recommendation of the Toronto Transition Team in connection with the delivery of audit services be approved;
- (2) the City Auditor and the Chief Financial Officer and Treasurer be given authority to proceed with a Request for Proposal in relation to the annual attest audit for the fiscal years 1998 to 2002 inclusive;
- (3) the Chief Financial Officer and Treasurer establish a staff committee, including the City Auditor, to review the proposals and make recommendations to the Audit Committee concerning the selection of external auditors; and
- (4) the restructuring of the Audit Department as proposed in his report dated February 6, 1998, be referred back to the City Auditor with the request that:
 - (a) dialogue be commenced with representatives of CUPE Local 79 as soon as possible;

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- (b) every effort be made to introduce a redeployment program for staff to be streamlined; and
- (c) when he reports back to the Audit Committee, a proposed organization chart for the new Audit Department be included.

Councillor Minnon-Wong assumed the Chair.

Moved by Councillor Mahood, that the Chief Administrative Officer and the City Auditor work with the Chief of Police and the General Manager of the Toronto Transit Commission to examine what opportunities there may be to consolidate audit functions.

Councillor Mahood resumed the Chair.

The motions of Councillor Bussin and Councillor Mahood both carried.

(Strategic Policies and Priorities Committee - March 25, 1998)

6. Audit Report - Novell Network Computer System

The Audit Committee had before it a report (March 4, 1998) from the City Auditor, regarding Novell Network Computer System.

On motion by Councillor Minnan-Wong, the Audit Committee deferred consideration of this matter to its next meeting pending the receipt of a written response from management in connection with this report.

(Commissioner of Corporate Services; c.c. City Auditor - March 25, 1998)

7. Audit Report - Year 2000 Issues

The Audit Committee had before it a report (March 4, 1998) from the City Auditor advising of concerns relating to the work done to date on the year 2000 issue at the City and recommending a course of action to address this matter.

On motion by Councillor Bussin, the Audit Committee received the aforementioned report (March 4, 1998) from the City Auditor, and requested the Commissioner of Corporate Services to report back to the Committee on the progress being made with the Year 2000 issues review.

(Commissioner of Corporate Services; c.c. City Auditor - March 25, 1998)

8. Proposal to establish an Auditor General's Office at the City of Toronto

On motion by Councillor Minnan-Wong, the Audit Committee adopted the following motion:

Whereas the City of Toronto is the fifth largest city in North America, with a budget in excess of six billion dollars, and is bigger in size than many provinces;

And Whereas given the massive size of the new government, it is becoming increasingly difficult to monitor the spending and administration of the City of Toronto;

And Whereas an Auditor General's Office can take a proactive approach in suggesting which City departments and branches are functioning effectively and where improvements can be made;

And Whereas there are currently Auditors General in both the Federal and Provincial Governments;

And Whereas this proactive approach will improve service delivery and keep taxes down;

And Whereas the City of Toronto needs an independent watchdog that will report directly to Council;

THEREFORE BE IT RESOLVED that staff be directed to prepare a report for consideration at the next meeting of the Audit Committee on the establishment of an Auditor General's Office, similar to those in the Federal and Provincial governments.

(City Auditor - March 25, 1998)

9. Schedule of Meetings for the Audit Committee

Councillor Minnon-Wong assumed the Chair.

On motion by Councillor Mahood, it was agreed that during 1998, the Audit Committee should meet approximately once every four weeks at the call of the Chair, and that the next meeting of the Committee would be held on Tuesday, April 21, 1998, at 9:30 a.m. It was also agreed that the Audit Committee would meet on an emergency basis at the call of the Chair, as required.

10. Requests for the services of the Audit Department made by Committees of Council and/or Members of Council

On motion by Councillor Mahood, the City Auditor was requested to report to the members of the Audit Committee, on a regular basis, on all requests for services made by Committees of Council and/or Members of Council which are beyond the normal delivery of services to the corporation.

Councillor Mahood resumed the Chair.

The Committee adjourned its meeting at 11:30 a.m.

Chair.