

**AUDIT COMMITTEE
AGENDA
MEETING No. 6**

Date of Meeting:	December 13, 1999	Enquiry:	Frances Pritchard
Time:	9:30 a.m.		Administrator
Location:	Committee Room 1		392-7033
	City Hall		fpritcha@city.toronto.on.ca
	100 Queen Street West		

**DECLARATIONS OF INTEREST PURSUANT TO
THE MUNICIPAL CONFLICT OF INTEREST ACT.**

DEPUTATION: 10:00 A.M.

1. REVIEW OF INVESTIGATION OF SEXUAL ASSAULTS - TORONTO POLICE SERVICE

Source : City Auditor
(October, 1999)

(Previously submitted to Members of Council)

DEPUTATION: 2:00 P.M.

2. 1998 MANAGEMENT LETTER SUMMARY - COMMUNITY CENTRES AND ARENAS

(DEFERRED FROM AUDIT COMMITTEE MEETINGS OF SEPTEMBER 27 AND OCTOBER 25, 1999)

Source: City Auditor
(August 30, 1999)

Recommending that:

- (1) As part of its mandate the recently structured ABC Reduction Task Force should, on a priority basis, review the governance of all community centres and arenas in the City. The objective of such a review process should include the integration and streamlining of all duplicated activities.
- (2) The Chief Financial Officer and Treasurer immediately initiate a plan to provide the appropriate support for the accounting needs of all community centres and arenas. The preparation of specific timetables, year end working paper and reconciliation requirements should be incorporated into this support.
- (3) City Finance staff should prepare standardized written policies and procedures for all community centres and arenas. Where possible and appropriate, these policies and procedures should be consistent with those of the City.
- (4) Community centres and arenas should be instructed by City Finance staff that under no circumstances will they be permitted to make expenditures which are not included in their annual approved budget submissions.
- (5) The Chief Financial Officer and Treasurer give consideration to the standardization of all accounting systems at each of the community centres and arenas. In the longer term, all accounting should be done centrally using the City's new SAP accounting system.
- (6) The Chief Financial Officer and Treasurer, in consultation with City Legal Services, review the present arrangements relating to the organization of each separate non-profit charitable corporation within each community centre. Arrangement should be made to immediately separate the accounting function of the non-profit organizations from those of the centre. Monthly financial reporting, as well as year end financial reporting, should be conducted separately.
- (7) The Chief Financial Officer and Treasurer be required to review all annual financial statements of arenas in order to determine the extent of funds owed to the City. The Chief Financial Officer and Treasurer be required to collect all surplus funds owed to the City on an annual basis.
- (8) The Y2K City Project Team, as a priority, should review its work plan in order to ensure that adequate attention is being given to each community centre and arena. The Y2K Team should review the work completed to date at each of these entities in order to ensure that adequate attention has been given to the issue.
- (9) In order to avoid penalties and interest charges, management should ensure that all payments to employees, including car and laundry allowances, are included as part of salaries and wages, subject to statutory deductions. All increases to salaries and benefits should be approved by the respective Boards and Committees and documented in writing.

- (10) For those arenas and community centres where no fixed asset listing is prepared, priority should be given to creating a fixed asset register. The register should include details of the source of the items (i.e., supplier, invoice number), the cost and the date of acquisition. A physical inventory of all furniture and equipment should be conducted annually and agreed to the fixed asset listing.
- (11) All arenas and community centres be requested to submit management letters to their respective Boards along with appropriate responses.
- (a) (December 1, 1999) from the City Auditor respecting 1998 Management Letter Summary – Community Centres and Arenas
- (b) (November 30, 1999) from the City Auditor respecting 1998 Management Letters – Arenas
- (c) (November 30, 1999) from the City Auditor respecting 1998 Management Letters – Community Centres
- (d) (September 24, 1999) from Anne Dubas, President, CUPE Local 79
- (e) (October 21, 1999) from W. James Herber, North Toronto Memorial Arena
- (f) (October 21, 1999) from Eric Anweiler, North Toronto Memorial Arena
- (g) (October 22, 1999) from James Bell, Swansea Town Hall Community Centre
- (h) (October 26, 1999) from Susan Fletcher, Association of Community Centres
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COMMUNICATIONS/REPORTS.

3. REVIEW OF RESERVES AND RESERVE FUNDS

Source: City Auditor
(November 29, 1999)

Recommending that:

- (1) the Chief Financial Officer and Treasurer provide Council with reserve and reserve fund continuity schedules on a semi-annual basis, itemizing contributions to and withdrawals from each reserve and reserve fund;

- (2) the pending report to Council regarding the consolidation, continuance and creation of reserves and reserve funds, clearly identify any changes in the report adopted by Council on April 29 and 30, 1998, and the corrective action taken. Consultation with applicable user departments should also occur prior to finalization of the report;
- (3) the Chief Financial Officer and Treasurer ensure that the accounting for reserves and reserve funds be brought up to date by December 31, 1999 and that senior management ensure that this accounting is done on a regular basis in the future;
- (4) the Chief Financial Officer and Treasurer ensure that interest is applied to reserve funds on a monthly basis and that the Accounting Services Division provide Treasury and Financial Services staff with the total amount of interest applied;
- (5) the Chief Financial Officer and Treasurer develop by January 1, 2000, appropriate accounting policies and procedures relating to reserves and reserve funds, ensure that proper controls exist to monitor these accounts and that management information is complete, accurate and up-to-date;
- (6) the Chief Financial Officer and Treasurer confirm the roles and responsibilities of the various divisions within the Finance Department with respect to reserves and reserve funds and ensure that all applicable Finance staff are apprised accordingly; and
- (7) the Chief Financial Officer and Treasurer clearly advise user departments regarding their roles and responsibilities with respect to reserves and reserve funds and ensure that departments are provided information relating to specific accounts, as requested.

4. REVIEW OF CONVERSION OF FINANCIAL DATA FOR METRO AND ALL FORMER MUNICIPALITIES

Source: City Auditor
(October 21, 1999)

Recommending that:

- (1) the Accounting Services Division, Finance Department:
 - (a) develop and implement a plan of action to distribute the amounts residing in the suspense costing centres to their proper cost centres. Such a plan to include the time frame for completion and responsibilities assigned; and

- (b) ensure bank reconciliations are up to date upon completion of the data conversion;
- (2) the Budget Division, Finance Department, in consultation with departments, put into action a plan to review the pre-1999 Capital Budget data on the FIS system for the purpose of signing off the completeness and accuracy of the information residing on the new FIS system;
- (3) the Purchasing and Materials Management Division, Finance Department, monitor purchase orders on a monthly basis in the FIS system that are outstanding for an extended period of time for follow-up to determine their validity and status; and
- (4) effective management of materials be improved by:
 - (a) conducting a complete physical inventory (including those items deemed obsolete) upon completion of the conversion of the 1998 financial data from the former City of Scarborough;
 - (b) including all obsolete inventory items in the City's financial records (General Ledger and Inventory Management System) until their disposal; and
 - (c) continuing to provide clear audit trails, including the establishment of proper approvals to track the disposal of all obsolete items.

5. COUNCILLORS' USE OF CORPORATE VEHICLES

Source: City Auditor
(November 30, 1999)

Recommending that in view of the potential savings that could be realized from alternative means of transportation, the need to maintain a dedicated fleet of vehicles and full-time staff to provide transportation services for Members of Council be referred to the Acting Commissioner of Corporate Services and the Chief Financial Officer and Treasurer for consideration during the 2000 operating budget process.

6. EXPENSES OF MEMBERS OF COUNCIL

Source: City Clerk and City Auditor
(November 29, 1999)

Recommending that:

- (1) business travel expenses incurred by Councillors acting in their capacity as a chair or vice-chair of an agency, board or commission be processed through the Council Services Unit of the Clerk's Division and charged to the business travel account in the Council budget, and that the Council business travel budget and the travel budgets of the respective agencies, boards and commissions be adjusted to reflect this change in policy;
- (2) all business meeting, entertainment or other general expenses incurred by Councillors as Council appointees of an agency, board, commission or other body, be charged directly to the respective Councillor's global budget, and that the City Clerk advise all agencies, boards, commissions and other bodies accordingly;
- (3) the current practice of allowing Councillors to spend \$100 annually for sponsorships and donations per organization be formally included in the Councillors' Expense Policy;
- (4) payments by Councillors of expenses incurred by an outside party (e.g., outreach groups) not be eligible for reimbursement through the Councillors' global budget;
- (5) with respect to Councillors paying for City souvenirs for community groups promoting the City, that only gifts available in the City's Protocol office or the City Hall Gift Shop be reimbursed with the limitation that the unit cost cannot exceed \$50 per item and that the total amount expended per annum cannot exceed \$1,000;
- (6) the receipt of donations of cash, goods, services, gifts and other benefits by Councillors be restricted to those allowed under the Code of Conduct Policy for Members of Council, as approved by City Council on September 28, 1999;
- (7) if a Councillor wishes to use an outside company for printing services that quotes, including one from the City's internal printing function be obtained, and the Council Services Unit be advised accordingly;
- (8) the Commissioner of Corporate Services report to the Administration Committee by June 30, 2000 on an office space charge back policy for Councillors, which takes into account the constituency needs of Councillors and any applicable budgetary implications, and ensures the optimal use of office space across the City;

- (9) the establishment of a charge back policy for Councillors who occupy office space in the former civic centres be reviewed in a corporate context, in terms of the office space requirements of all departments in the City, and be consistent with the city-wide policy currently being developed by the Corporate Services and Finance Departments in this regard;
- (10) the Chief Financial Officer and Treasurer follow up with the Province on the status of the City's request that the City of Toronto Act, 1997 be amended to delete the provision that Members of Toronto City Council receive a third of their salary tax-free, take any appropriate action to expedite the handling of this request by the Province and report to the Audit Committee by February 28, 2000 on the Province's response; and
- (11) the Office Administration and Expense Policy for Members of Council be amended to reflect the changes recommended in this report, as adopted by Council, and that the City Clerk advise all Councillors and their staff accordingly.

7. 1999 AUDIT WORKPLAN – STATUS REPORT

Source: City Clerk and City Auditor
(November 29, 1999)

Recommending that this report be received for information.

8. 1998 FINANCIAL STATEMENTS OF VARIOUS BUSINESS IMPROVEMENT AREAS

Source: City Auditor
(November 30, 1999)

Recommending that this report be received for information.

9. PURCHASE OF BULK COMMON COARSE ROCK SALT (ROAD SALT)

Source: Commissioner of Works and Emergency Services and Chief Financial Officer and Treasurer
(November 10, 1999)

Recommending that this report be received for information.

**10. NORTH YORK PERFORMING ARTS CENTRE CORPORATION – 1998
AUDITED FINANCIAL STATEMENTS**

Source: City Clerk
(December 2, 1999)

Recommending that the report (November 12, 1999) from the Chief Financial Officer and Treasurer be adopted.

11. REPORT TO THE AUDIT COMMITTEE – 1999 AUDIT PLANNING

Source: Ernst & Young
(November 30, 1999)

Recommending that the report entitled, “Report to the Audit Committee – 1999 Audit Planning”, be received for information

(Report forwarded to Members of the Audit Committee under separate cover and on file with the City Clerk, Audit Committee)