

THE CITY OF TORONTO

Clerk's Department

Minutes of the Audit Committee

Meeting No. 3

Thursday, September 28, 2000

The Audit Committee met on Thursday, September 28, 2000, in Committee Room 2, 2nd Floor, City Hall, commencing at 9:30 a.m.

On motion by Councillor Altobello, the minutes of the Meeting held on June 26, 2000, were confirmed.

3.1 Investment Policy Compliance

The Audit Committee had before it a report (June 14, 2000) from the City Auditor respecting Investment Policy Compliance, and recommending that:

- (1) all Funds managed directly by the City be included in the investment management system and that appropriate reporting to Council be performed on these Funds;
- (2) Schedule 3.1 of the City's Investment Policy and Procedures should be formally reconfirmed in accordance with Section 3 of the Policy;
- (3) during design and implementation of the new investment management system, consideration should be given to correcting deficiencies identified in the existing system;
- (4) the Chief Financial Officer and Treasurer should ensure that the Annual Investment Report and quarterly reporting of compliance with the City's Investment Policy and Procedures include all instances of non-compliance;
- (5) the City Solicitor should report back on whether or not the City's Investment Policy and Procedures apply to Agencies, Boards and Commissions of the City;
- (6) reconciliations of the balance per the investment subsidiary ledger to the investment accounts in the general ledger should be performed regularly, on a timely basis. The reconciliations should be reviewed and approved by appropriate senior Finance Department staff;
- (7) the Chief Financial Officer and Treasurer should complete Section 5 of the Investment Policy and Procedures as soon as possible; and

- (8) the Chief Financial Officer and Treasurer should select an investment performance benchmark for the City Trust Funds.

On motion by Councillor Altobello the Audit Committee recommended the adoption of the foregoing report from the City Auditor.

(Report 6, Clause 4)

3.2 Annual Report on the Status of Fraud and Related Matters

The Audit Committee had before it a report (September 13, 2000) from the City Auditor respecting Annual Report on the Status of Fraud and Related Matters, and recommending that this report be received for information.

On motion by Councillor Holyday, the Audit Committee received the foregoing for information.

(Letter sent to: City Auditor – October 2, 2000)

3.3 Cash Controls Review – Parks and Recreation Division, Golf Course and Ferry Operations

The Audit Committee had before it a confidential report (August 23, 2000) from the City Auditor, entitled, “Cash Controls Review – Parks and Recreation Division, Golf Course and Ferry Operations.

On motion by Councillor Mahood, with Councillor Altobello in the Chair, in accordance with the Municipal Act, the Audit Committee met privately to hold discussions pertaining to the confidential report (August 23, 2000) from the City Auditor, having regard that the report deals with a matter the subject of which deals with the security of the property of the municipality or local board.

On motion by Councillor Altobello, the Audit Committee recommended the adoption of the confidential report (August 23, 2000) from the City Auditor, entitled, “Cash Controls Review – Parks and Recreation Division, Golf Course and Ferry Operations”, and further that, in accordance with the Municipal Act, discussions pertaining to this matter be held in camera, having regard the subject deals with a matter the subject of which deals with the security of the property of the municipality.

(Report 6, Clause 6)

3.4 Toronto Harbour Commissioners – Financial Review, Additional Information

The Audit Committee had before it a report (September 13, 2000) from the City Auditor respecting Toronto Harbour Commissioners – Financial Review, Additional Information, and recommending that this report be received for information.

On motion by Councillor Holyday, the Audit Committee recommended that City Council receive the foregoing report for information.

(Report 6, Clause 7)

3.5 1999 Financial Statements of Community Centres and Arenas

The Audit Committee had before it a report (September 9, 2000) from the City Auditor respecting 1999 Financial Statements of Community Centres and Arenas, and recommending that the above financial statements be received for information and forwarded to Council.

On motion by Councillor Altobello, the Audit Committee recommended that the 1999 financial statements of Community Centres and Arenas, attached to the report (September 9, 2000) from the City Auditor, be received.

(Report 6, Clause 3)

3.6 1999 Management Letters – Community Centres

The Audit Committee had before it a report (September 9, 2000) from the City Auditor respecting 1999 Management Letters – Community Centres, and the management letters and appropriate responses be received for information.

On motion by Councillor Altobello, the Audit Committee received the foregoing report for information.

(Letter sent to: City Auditor – October 2, 2000)

3.7 Review of Membership Fees, Conferences and Seminars

The Audit Committee had before it a report (August 10, 2000) from the City Auditor respecting Review of Membership Fees, Conferences and Seminars, and recommending that this report be received for information.

On motion by Councillor Holyday, the Audit Committee received the foregoing report for information.

(Letter sent to: City Auditor – October 2, 2000)

3.8 Toronto Police Service Air Support Unit Pilot Project – Evaluation Methodology

The Audit Committee had before it a report (July 17, 2000) from the Chair, Toronto Police Services Board respecting Toronto Police Service Air Support Unit Pilot Project – Evaluation Methodology, and recommending that the Audit Committee received this report for information.

On motion by Councillor Altobello, the Audit Committee received the foregoing report for information.

(Letter sent to: Chair, Toronto Police Services Board – October 2, 2000)

3.9 Review of Food Safety Program – Toronto Public Health

The Audit Committee had before it a report (June 27, 2000) from the Secretary, Board of Health forwarding the report (June 26, 2000) from the City Auditor respecting Review of Food Safety Program – Toronto Public Health, addressed to the Toronto Board of Health, to the Audit Committee and recommending that the Audit Committee receive the report for information

On motion by Councillor Altobello, the Audit Committee received the foregoing report for information.

3.10 Tam Heather Country Club Audit Of Financial Operations – Year Ended April 30, 1999

The Audit Committee had before it a report (September 15, 2000) from the City Auditor respecting Tam Heather Country Club Audit of Financial Operations – Year Ended April 30, 1999, and recommending that:

- (1) the Board of Directors of the Tam Heather Country Club take immediate action to address the accounting deficiencies as outlined in this report, including:
 - (a) clarification of the roles and responsibilities of the manager and clerical staff;

- (b) the preparation of accurate and complete monthly financial statements;
 - (c) the implementation of a formal monthly review process of accounting reconciliations; and
 - (d) the hiring of a professional accounting resource to oversee the monthly analysis and preparation of monthly financial reporting;
- (2) complete and accurate monthly financial statements be forwarded to the Board of Directors for their review;
 - (3) complete and accurate monthly financial statements be forwarded to the Commissioner of Economic Development, Culture & Tourism for review and comment; and
 - (4) the Commissioner of Economic Development, Culture & Tourism give consideration to the transfer of all banking responsibilities to the Tam Heather Country Club. Such transfer only to take place subsequent to the City Auditor being satisfied that the recommendations contained in this report have been complied with.

Councillor Soknacki, Scarborough Highland Creek, appeared before the Committee in connection with the foregoing matter.

On motion by Councillor Mahood, with Councillor Altobello in the Chair, the Audit Committee recommended that:

- (1) the foregoing report (September 15, 2000) from the City Auditor be adopted; and
- (2) the Chief Financial Officer and Treasurer assign a staff member to be responsible for the review and analysis of the ongoing financial affairs of the Club.

(Report 6, Clause 5)

3.11 1999 City of Toronto Consolidated Financial Statements

The Audit Committee had before it a report (June 21, 2000) from the Chief Financial Officer and Treasurer respecting 1999 City of Toronto Consolidated Financial Statements, and recommending that the attached 1999 Consolidated Financial Statements be adopted.

The Audit Committee also had before it a communication (September 6, 2000) from Ernst & Young respecting 2000 Audit of the Corporation of the City of Toronto.

On motion by Councillor Altobello, the Audit Committee recommended that:

- (1) the 1999 City of Toronto Consolidated Financial Statements be adopted; and
- (2) the report (June 13, 2000) from Ernst & Young, Chartered Accountants, entitled, "City of Toronto – Report to the Audit Committee – 1999 Audit Results" be received for information.

(Report 6, Clause 1)

3.12 Auditor's Report and Financial Statements of the Toronto Atmospheric Fund for the Year Ended December 31, 1999

The Audit Committee had before it a communication (May 3, 2000) from the Committee Secretary, Toronto Atmospheric Fund respecting Auditor's Report and Financial Statements of the Toronto Atmospheric Fund for the Year Ended December 31, 1999, and recommending that the Auditor's Report (March 21, 2000) and the Financial Statements of the Toronto Atmospheric Fund for the year ended December 31, 1999 be received and forwarded to City Council.

Mr. Phillip Jessup, Toronto Atmospheric Fund, appeared before the Committee in connection with the foregoing matter.

On motion by Councillor Holyday, the Audit Committee recommended that City Council receive the Auditor's Report (March 21, 2000) and the Financial Statements of the Toronto Atmospheric Fund for the year ended December 31, 1999.

(Report 6, Clause 2)

3.13 Toronto Police Service Response to the City Auditor's Recommendations Regarding the Parking Enforcement Unit

The Audit Committee had before it a communication (August 17, 2000) from the Chair, Toronto Police Services Board respecting Toronto Police Service Response to the City Auditor's Recommendations regarding the Parking Enforcement Unit, and recommending that the Audit Committee received this report for information.

On motion by Councillor Altobello, the Audit Committee received the foregoing report for information.

(Letter sent to: Chair, Toronto Police Services Board – October 2, 2000)

3.14 External Auditing Of Complaints Process

The Audit Committee had before it the following reports:

- (i) (September 1, 2000) from the Chair, Toronto Police Services Board respecting External Auditing of Complaints Process, and recommending that the Audit Committee received this report for information.
- (ii) (September 18, 2000) from the City Auditor respecting External Auditing of Complaints Process, and recommending that this report be received for information.

On motion by Councillor Altobello, the Audit Committee reports having received the foregoing reports for information.

(Letter sent to: Chair, Toronto Police Services Board – October 2, 2000)

3.15 Review of the City's Bank Reconciliation and Deposit Procedures

On motion by Councillor Altobello, the Audit Committee allowed the introduction of the following reports:

- (September 13, 2000) from the City Auditor respecting Review of the City's Bank Reconciliation and Deposit Procedures, and recommending that:
 - (1) the Chief Financial Officer and Treasurer implement formal policies and procedures with respect to the reconciliation of the City's bank accounts including the requirement:
 - (a) that bank reconciliations for all bank accounts be completed within 30 days of month-end;
 - (b) that all reconciling items be properly investigated on a timely basis and supported by appropriate documentation;
 - (c) that supervisory review of each bank reconciliation include the review of unusual reconciling items and signing of each reconciliation as evidence of supervisory approval; and
 - (d) that procedures be implemented to ensure timely and accurate recording of reconciliation adjustments in the general ledger;

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- (2) the Chief Financial Officer and Treasurer, in conjunction with all other Commissioners, establish a policy requiring daily deposits of cheques received and establish a reporting procedure for deposits such that:
 - (a) staff responsible for the receipt of cheques be required to restrictively endorse such cheques with an appropriate City of Toronto corporate name and date stamp;
 - (b) staff preparing bank deposits review the date stamps on cheques being deposited. Where significant delays are noted between the date on the date stamp and the date of deposit, this fact should be brought to the attention of appropriate supervisory staff for necessary action; and
 - (c) the Accounting Services Division work with departments to identify where additional training is required regarding the use of the general ledger account codes.

- (September 26, 2000) from the Chief Financial Officer and Treasurer, responding to the recommendation from the City Auditor, and recommending that this report be received for information.

On further motion by Councillor Altobello, the Audit Committee:

- (1) recommended the adoption of the foregoing report (September 13, 2000) from the City Auditor; and
- (2) received the report (September 26, 2000) from the Chief Financial Officer and Treasurer.

(Report 6, Clause 8)

3.16 Review of the Adequacy of Measures in Place to Track and Monitor Discounts Realized and Lost or Late Payment Penalties Paid as Part of the Accounts Payable Process

On motion by Councillor Altobello, the Audit Committee allowed the introduction of a report (September 13, 2000) from the City Auditor respecting Review of the Adequacy of Measures in Place to Track and Monitor Discounts Realized and Lost or Late Payment Penalties Paid as Part of the Accounts Payable Process, and recommending that this report be received for information.

On further motion by Councillor Altobello, the Audit Committee received the foregoing report for information.

(Letter sent to: City Auditor – October 2, 2000)

3.17 Audit Services' Participation in the Peer Review of the Kansas City Auditor's Office

On motion by Councillor Altobello, the Audit Committee allowed the introduction of a report (September 21, 2000) from the City Auditor respecting Audit Services' Participation in the Peer Review of the Kansas City Auditor's Office, and recommending that the City Auditor be granted permission to participate in a peer review of the Kansas City Auditor's Office.

On further motion by Councillor Altobello, the Audit Committee recommended the adoption of the foregoing report.

(Report 6, Clause 9)

3.18 1999 Financial Statements and Management Letter of the Harbourfront Community Centre

On motion by Councillor Altobello, the Audit Committee allowed the introduction of a report (September 6, 2000) from the City Auditor respecting 1999 Financial Statements and Management Letter of the Harbourfront Community Centre, and recommending that the financial statement and the management letter of the Harbourfront Community Centre be received and forwarded to Council.

On further motion by Councillor Altobello, the Audit Committee recommended that the 1999 financial statements and management letter of the Harbourfront Community Centre and Arenas, attached to the report (September 26, 2000) from the City Auditor, be received.

(Report 6, Clause 10)

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Attendance:

September 28, 2000	9:30 a.m. – 10:50 a.m.	In Camera 11:05 a.m. - 11:10 a.m.	11:10 a.m. – 11:25 a.m.
Mahood (Chair)	x	x	x
Adams	-	-	-
Altobello	x	x	x
Bussin	-	-	-
Holyday	x	x	x

* Members were present for some or all of the time indicated.

Chair