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**AUDIT COMMITTEE  
AGENDA  
MEETING No. 3**

<b>Date of Meeting:</b>	<b>June 13, 2002</b>	<b>Enquiry:</b>	<b>Frances Pritchard</b>
<b>Time:</b>	<b>9:30 a.m.</b>		<b>Administrator</b>
<b>Location:</b>	<b>Committee Room 1</b>		<b>392-7033</b>
	<b>City Hall</b>		<b>fpritcha@city.toronto.on.ca</b>
	<b>100 Queen Street West</b>		

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

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**COMMUNICATIONS/REPORTS:**

**1. CORPORATE ACCOUNTABILITY FRAMEWORK – IMPLEMENTATION PLAN AND STATUS UPDATE ON THE USE OF CONSULTANTS**

Chief Administrative Officer  
(May 31, 2002)

Recommending that:

- (1) the C.A.O. and the C.F.O, in consultation with the City Auditor, provide an annual report commencing with the period ending December 31, 2002, on consulting expenditures that will include actual consulting expenses for the previous year (and the year prior) organized by: department or local board, by the specific consulting categories and by vendor; and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

**2. RESPONSE OF THE TORONTO POLICE SERVICE TO THE REPORT ENTITLED, "POLICY FOR THE SELECTION AND HIRING OF PROFESSIONAL AND CONSULTING SERVICES; USE OF CONSULTANTS AND EXPENDITURE REDUCTION STRATEGIES; HIRING OF PROFESSIONAL AND CONSULTING SERVICES REVIEW**

Chairman, Toronto Police Services Board  
(April 22, 2002)

Recommending that the Audit Committee receive this report.

**3. INVESTMENT POLICY COMPLIANCE**

City Auditor  
(May 29, 2002)

Recommending that:

- (1) the Chief Financial Officer and Treasurer establish a reporting process to ensure that Agencies, Boards and Commissions over which the City has authority comply with the City's investment policy and procedures and that this process be implemented by December 31, 2002;
- (2) the City Auditor review whether investments held by Agencies, Boards and Commissions of the City comply with the City's investment policy and procedures;
- (3) the Chief Financial Officer and Treasurer submit a revised Investment Policy and Procedures document to City Council for approval by December 31, 2002; and
- (4) the Chief Financial Officer and Treasurer complete section 5 of the Investment Policy and Procedures by December 31, 2002.

**4. CONTRACT MANAGEMENT PRACTICES**

Chief Administrative Officer  
(May 28, 2002)

Recommending that:

- (1) the corporate financial policy and procedural manual include a section on contract management principles

- (2) the contract management examples and guidelines outlined in this report be communicated to the Executive Management Team and the Finance and Administration Committee Team (FACT) and other relevant staff;
- (3) a further update on contract management be provided to the Audit Committee at its first meeting in 2003, and
- (4) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

**5. FRAUD HOTLINE STATUS REPORT**

City Auditor  
(May 31, 2002)

Recommending that this report be received for information.

**6. FRAUD POLICY – COMMUNICATION TO STAFF**

Chief Administrative Officer  
(May 28, 2002)

Recommending that this report be received for information.

**7. ENVIRONMENTAL ISSUES AND AUDIT PLAN**

City Auditor  
(May 30, 2002)

Recommending that:

- (1) the Chief Administrative Officer, in consultation with the Chair of the Toronto Inter-departmental Environment Team (TIE), review the recommendations of the Environmental Plan and:
  - (a) develop corporate environmental priorities based on an evaluation of current environmental risks and the potential for environmental health benefits and cost savings to the City;

- (b) set objectives, targets and time frames for environmental initiatives, that are achievable, clearly defined and measurable;
- (c) refine the monitoring and reporting system recently developed to evaluate progress on the targets and objectives set, and to document those environmental initiatives which have been completed;
- (d) assign an appropriate lead for each environmental initiative, with the responsibility for developing an implementation plan, co-ordinating activities, and defining and achieving expected deliverables or outcomes;
- (e) develop a process for incorporating environmental initiatives into departmental business plans and the annual budget process; and
- (f) include in an annual environmental report to City Council, the status of environmental initiatives, results achieved to date as well as the challenges and priorities in both the short and long-term in implementing the Environmental Plan;

and report thereon to the Policy and Finance Committee;

- (2) the Chief Administrative Officer report to the Policy and Finance Committee, on how to incorporate environmental considerations into the City's decision-making processes;
- (3) the Chief Administrative Officer consider the development of a risk management approach for all City departments, that will identify and assess day-to-day environmental impacts and health risks in City operations, to reduce potential environmental liabilities and report to the Policy and Finance Committee on a recommended course of action;
- (4) the Chief Administrative Officer and the Commissioner of Works and Emergency Services review the costs and benefits of implementing an Environmental Management System in the City of Toronto, taking into account the experiences of other Canadian municipalities and the Works and Emergency Services Department's current pilot project, and report to the Policy and Finance Committee by December 2003;
- (5) the Chief Administrative Officer, in consultation with the City Auditor, review options to manage public concerns and complaints regarding environmental issues in the City of Toronto, and report to the Audit Committee by March 2003;
- (6) the environmental audits summarized in Appendix 3 of this report be incorporated into the City Auditor's 2002 and 2003 audit work plans; and

- (7) the Chief Administrative Officer report to the September 2002 Audit Committee meeting with a response to the observations and recommendations in this report, including expected timeframes for reporting to the Policy and Finance Committee on the implementation of the recommendations.

**8. TERMS OF REFERENCE**

City Auditor  
(May 24, 2002)

Recommending that this report be received for information.

**9. UPDATE ON WORKPLAN TO ADDRESS ISSUES RAISED IN 2000 MANAGEMENT LETTER**

Chief Financial Officer & Treasurer  
(May 23, 2002)

Recommending that this quarterly update report on workplan progress be received and forwarded to Council for information.

**10. ERNST AND YOUNG MANAGEMENT LETTERS FOR 2001 – TORONTO PUBLIC LIBRARY**

City Librarian  
(May 28, 2002)

Recommending that the attached Management Letters and accompanying Management Response for the Toronto Public Library for the year ended December 31, 2001 be received for information.

**11. RESPONSE TO 2000 AUDIT MANAGEMENT LETTERS FOR BUSINESS IMPROVEMENT AREAS**

Commissioner of Economic Development, Culture and Tourism  
(May 28, 2002)

Recommending that the report be received for information.

**12. TORONTO PUBLIC LIBRARY – REVIEW OF YEAR-END SPENDING, FLEET MAINTENANCE, USE OF CONSULTANTS AND BUDGETS FOR MAINTENANCE AND REPAIRS**

City Librarian  
(May 28, 2002)

Recommending that the attached Toronto Public Library – Review of Year-Ending Spending, Fleet Maintenance, Use of the Consultants and Budget for Maintenance and Repairs report prepared by the City Auditor and adopted by the Toronto Public Library Board at its meeting of May 13, 2002, be received for information.

**13. PROTOCOL – MONITORING THE IMPLEMENTATION OF CITY AUDITOR’S RECOMMENDATIONS**

Chief Financial Officer & Treasurer  
(June 3, 2002)

Recommending that:

- (1) the protocol as contained in appendix be adopted; and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

**14. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001**

Chief Financial Officer & Treasurer  
(May 31, 2002)

Recommending that the attached 2001 Consolidated Financial Statements be approved.

*(Note: (Note: Financial Statements and Appendices Distributed to Members only)*

**15. AUDIT RESULTS – REPORT TO THE AUDIT COMMITTEE OF THE CITY OF TORONTO – DECEMBER 31, 2001**

Martha Tory and Diana Brouwer, Ernst & Young  
(May 31, 2002)

Forwarding the audit of the consolidated financial statements of the City of Toronto

*(Note: Distributed to Members only)*

**16. 2001 FINANCIAL STATEMENTS – BOARD OF GOVERNORS OF EXHIBITION PLACE**

General Manager and C.E.O., Exhibition Place  
(April 29, 2002)

Forwarding the 2001 Financial Statements – Board of Governors of Exhibition Place and recommending that:

- (1) City Council receive for information the Audited Financial Statements pertaining to the operations of Exhibition Place for the year ended December 31, 2001; and
- (2) the appropriate Exhibition Place and City Officials be authorized and directed to take the necessary action to give effect thereto.

*(Note: Financial Statements Distributed to Members only)*

**17. DRAFT AUDIT REPORT AND 2001 FINANCIAL STATEMENTS – TORONTO ZOO**

Secretary, Toronto Zoo  
(May 14, 2002)

Forwarding the Financial Statements of the Board of Management for the Toronto Zoo for the year ended December 31, 2001 and advising that the Board of Management approved the financial statements and directed that they be forwarded to the City's Audit Committee

*(Note: Financial Statements Distributed to Members only)*

**18. AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE TORONTO ATMOSPHERIC FUND FOR THE YEAR ENDED DECEMBER 31, 2001**

Committee Secretary, Toronto Atmospheric Fund  
(May 16, 2002)

Recommending that City Council receive the Auditor's Report (February 26, 2002) and the Financial Statements of the Toronto Atmospheric Fund for the year ended December 31, 2001

*(Note: Financial Statements Distributed to Members only)*

**19. SERVICE LEVEL AND HARMONIZATION INITIATIVES RESPONDING TO RECOMMENDATIONS OF THE AUDIT COMMITTEE, BUILDING DIVISION REVIEW 2001**

City Clerk, Planning and Transportation Committee  
(May 1, 2002)

Advising that the Planning and Transportation Committee received the report (April 8, 2002) from the Commissioner of Urban Development Services and forwarding the report to the Audit Committee for information

**20. SEMI-ANNUAL UPDATE: RESPONSE OF THE REVIEW OF THE INVESTIGATION OF SEXUAL ASSAULTS – TORONTO POLICE SERVICE**

Chairman, Toronto Police Services Board  
(May 8, 2002)

Recommending that the Audit Committee receive this report.

**IN CAMERA MATTER**

**21. MFP FINANCIAL SERVICES – UPDATE ON PUBLIC ENQUIRY** *(Reports Not Yet Available)*

Various public and confidential reports from the Chief Administrative Officer/City Solicitor/Commissioner of Corporate Services, having regard that the subject matter of the confidential reports deals with the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose



**IN CAMERA MATTER**

**22. FORENSIC AUDITS ON VARIOUS CONSULTING CONTRACTS**

City Auditor  
(May 31, 2002)

Confidential report having regard that the subject matter deals with litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board.

**IN CAMERA MATTER**

**23. COMPETITION BUREAU INVESTIGATION – SUPPLY OF LIQUID CHLORINE** *(Report Not Yet Available)*

Confidential report from the City Auditor having regard that the subject matter deals with litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board.