

**THE CITY OF TORONTO**

**Clerk's Department**

**Minutes of the Audit Committee**

**Meeting No. 2**

**Thursday, April 11, 2002**

The Audit Committee met on Thursday, April 11, 2002 in Committee Room 1, 2nd Floor, City Hall, commencing at 9:30 a.m.

On motion by Councillor Holyday, the Minutes of the Meeting held on February 8, 2002 were confirmed.

**2.1 Oracle Database Software Acquisition – Additional Information**

The Audit Committee had before it a report (March 8, 2002) from the City Auditor, respecting Oracle Database Software Acquisition – Additional Information and recommending that:

- (1) the Commissioner, Corporate Services Department, be required to report back to the Audit Committee by June 30, 2002, on a process to coordinate the acquisition of site licenses for those Agencies, Boards and Commissions over which the City has authority;
- (2) the Commissioner, Corporate Services Department, be required to report back to the Audit Committee by June 30, 2002, on a process to coordinate the acquisition of all computer software and hardware throughout the City, including those Agencies, Boards and Commissions over which the City has authority; and
- (3) the Commissioner, Corporate Services Department, in her report to the Audit Committee give consideration to an appropriate dollar threshold amount over which the above recommendations would apply.

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

**(Report No. 4, Clause 1)**

**2.2 Terms of Reference**

The Audit Committee had before it a report (March 26, 2002) from the City Auditor, respecting Terms of Reference, 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 – April 12, 2002)

**(Report No. 4, Clause 12(a))**

**2.3 Toronto 2008 Olympic Bid – City Statement of Operations**

The Audit Committee had before it a report (March 20, 2002) from the City Auditor respecting Toronto 2008 Olympic Bid – City Statement of Operations, and recommending that this report be received for information.

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

- (1) the report (March 20, 2002) from the City Auditor be received;
- (2) City Council direct the Chief Administrative Officer and the Chief Financial Officer and Treasurer, with respect to major projects undertaken by City Staff, to establish a policy and report to the appropriate standing committee whereby all departments, Agencies, Boards and Commissions set up separate accounts to capture the expenses of all activities on such projects, including all services in kind and internal staff costs; and
- (3) City Council direct the Chief Financial Officer and Treasurer to review the current policy and procedures that business expense claims not be reimbursed unless original receipts with meeting purpose and names in attendance is provided, and direct him to ensure compliance of the policy in all instances.

The Chair ruled a communication (April 11, 2002) from Councillor Walker out of order.

**(Report No. 2, Clause 2)**

**2.4 Suspense Reconciliation**

The Audit Committee had before it a report (March 8, 2002) from the City Auditor respecting Suspense Reconciliation, and recommending that this report be received for information.

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

(Letter sent to: City Auditor – April 12, 2002)

**(Report No. 4, Clause 12(b))**

**2.5 Federal Government's Financial Information Strategy Accounting Manual**

The Audit Committee had before it a report (January 3, 2002) from the City Auditor respecting Federal Government's Financial Information Strategy Accounting Manual, and recommending that the Chief Financial Officer and Treasurer be required to take into consideration the contents of the Federal Government's Financial Information Strategy Accounting Manual during the preparation of the Finance Department's internal financial accounting manual.

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

**(Report No. 4, Clause 3)**

**2.6 Xspan Program for Tax Arrears Collection Services Review**

The Audit Committee had before it a report (March 19, 2002) from the City Auditor respecting Xspan Program for Tax Arrears Collection Services Review, 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 – April 12, 2002)

**(Report No. 4, Clause 12(c))**

**2.7 Audit Management Letters Relating to Individual Boards of Management for Community Centres and the Committee of Management for William H. Bolton Arena**

The Audit Committee had before it a report (March 22, 2002) from the City Auditor respecting Audit Management Letters Relating to Individual Boards of Management for Community Centres and the Committee of Management for William H. Bolton Arena.

The Audit Committee also had before it a communication (April 10, 2002) from the Executive Director, Applegrove Community Complex.

On motion by Councillor Altobello, the Audit Committee:

- (1) received the individual management letters issued for each of the Boards of Management for Community Centres and the Committee of Management for William H. Bolton Arena for information; and
- (2) directed the Commissioner of Community and Neighbourhood Services and the Commissioner of Economic Development, Culture & Tourism to ensure that the issues identified in the individual management letters pertaining to their respective areas are addressed and report back to the Audit Committee by June 30, 2002.

(Letter sent to: Commissioner of Community and Neighbourhood Services; Commissioner of Economic Development, Culture and Tourism; c: City Auditor, Executive Director, Board of Management, Applegrove Community Complex; Executive Director, Board of Management, Central Eglinton Community Centre; Executive Director, Board of Management, Eastview Neighbourhood Community Centre; Executive Director, Board of Management, Ralph Thornton Community Centre; Executive Director, Board of Management, Scadding Court Community Centre; Executive Director, Committee of Management, William H. Bolton Arena – April 12, 2002)

**(Report No. 4, Clause 12(d))**

**2.8 Audit Management Letters Relating to Individual Committees of Management for Arenas**

The Audit Committee had before it a report (January 28, 2002) from the City Auditor respecting Audit Management Letters Relating to Individual Committees of Management for Arenas.

On motion by Councillor Holyday, the Audit Committee:

- (1) received the individual management letters issued for each of the Committees of Management for arenas for information; and
- (2) directed the Commissioner of Economic Development, Culture & Tourism to ensure that the issues identified in the individual management letters are addressed and report back to the Audit Committee by April 30, 2002.

(Letter sent to: Commissioner of Economic Development, Culture and Tourism; c: City Auditor; Executive Director, Board of Management, Forest Hill Memorial Arena; Executive Director, Board of Management, Moss Park Arena; Executive Director, Board of Management, Ted Reeve Community Arena – April 12, 2002)

**(Report No. 4, Clause 12(e))**

## **2.9 Audit Management Letters Relating to Individual Business Improvement Areas**

The Audit Committee had before it a report (January 28, 2002) from the City Auditor respecting Audit Management Letters relating to individual business improvement areas.

On motion by Councillor Altobello, the Audit Committee:

- (1) received the individual management letters issued for each of the Business Improvement Areas for information; and
- (2) directed the Commissioner of Economic Development, Culture & Tourism to ensure that the issues identified in the individual management letters are addressed and report back to the Audit Committee by April 30, 2002.

(Letter sent to: Commissioner of Economic Development, Culture and Tourism; c: City Auditor, Executive Director, Board of Management, Gerrard India Bazaar BIA; Executive Director, Board of Management, Greektown on the Danforth; Executive Director, Board of Management, Junction Gardens BIA; Executive Director, Board of Management, Little Italy BIA – April 12, 2002)

**(Report No. 4, Clause 12(f))**

## **2.10 Processes Followed in Relation to the Upgrade to SAP Version 4.6**

The Audit Committee had before it a report (February 21, 2002) from the City Auditor respecting Processes Followed in Relation to the Upgrade to SAP Version 4.6, and recommending that:

- (1) the Chief Financial Officer and Treasurer ensure that the SAP production Team Leads update and maintain documentation providing details, including access granted and approvals obtained, for all SAP user profiles, by June 30, 2002; and
- (2) the Chief Financial Officer and Treasurer take the appropriate steps to ensure that the Manager, Payroll and Benefits, System and Reporting:
  - follows appropriate change management procedures for any changes made to the program; and
  - includes the assignment of an individual as a backup to the person who will be primarily responsible for the newly implemented comparison report.

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee recommended the adoption of the foregoing report.

**(Report No. 4, Clause 4)**

**2.11 Public Inquiry in Relation to MFP Financial Services Equipment Leases**

The Audit Committee had before it a joint report (April 3, 2002) from the Chief Administrative Officer/City Solicitor respecting Public Inquiry in Relation to MFP Financial Services Equipment Leases, and recommending that the Chief Administrative Officer, in consultation with the Chief Financial Officer and City Solicitor, be authorized to enter into any necessary agreements, as required, in connection with the obligation of the City to pay the costs of the public inquiry, including agreements, in substance satisfactory to the Chief Administrative Officer and in a form satisfactory to the City Solicitor, for commission counsel and inquiry facilities, within the budget limit as set out in this report, and report back periodically on the status of the inquiry budget.

John Adams appeared before the Audit Committee in connection with the foregoing matter.

On motion by Councillor Holyday, the Audit Committee recommended the adoption of the foregoing joint report.

The following motions by Councillor Balkissoon were voted on and lost:

- “(1) That the City seek standing at the Public Inquiry and that outside counsel be retained for this purpose;
- (2) That the Chief Administrative Officer, the City Solicitor and the City Auditor report directly to Council with recommendations on:
  - (a) instructions to the outside counsel, based on previous City Council positions in this regard; and
  - (b) how outside counsel will continue to be instructed throughout the Inquiry; and
- (3) That relevant staff and outside counsel be instructed to provide all relevant documents, including KPMG and other reports, to the City Auditor, so that all documentation will be properly available for both the benefit of City Council and the Public Inquiry.”

**(Report No. 4, Clause 5)**

**2.12 MFP Financial Services Equipment Leases- Status of Litigation and Funding Issue in the Public Inquiry**

The Audit Committee had before it a joint confidential report (April 10, 2002) from the Chief Administrative Officer, Commissioner of Corporate Services and the City Solicitor respecting MFP Financial Services Equipment Leases – Status of Litigation and Funding Issue in the Public Inquiry.

On motion by Councillor Holyday, the Audit Committee adjourned its public session to meet in camera having regard that the subject matter deals with the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee recommended to City Council that the joint confidential report (April 10, 2002) from Chief Administrative Officer, Commissioner of Corporate Services and the City Solicitor, be adopted; and further that, in accordance with the Municipal Act, discussions pertaining to this report be held in camera, as the report deals with the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

On further motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee also requested the Chief Administrative Officer, the Commissioner of Corporate Services and the City Solicitor to report directly to Council on the precise amount the City would no longer be obligated to pay to Oracle, and the contractual obligations, if the relevant provisions of the contract were to be invoked.

(Letter sent to: Chief Administrative Officer; Commissioner of Corporate Services; City Solicitor – April 12, 2002)

**(Report No. 4, Clause 6)**

**2.13 2002 Financial / Variance Reports Schedule**

The Audit Committee had before it a report (March 27, 2002) from the Chief Financial Officer and Treasurer respecting 2002 Financial/Variance Reports Schedule, and recommending that this report be received.

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

- (1) City Council receive the foregoing report (March 27, 2002) from the Chief Financial Officer and Treasurer; and
- (2) the Chief Financial Officer and Treasurer and the City Auditor consider instituting orientation and information sessions on financial statements, that all

members of Council be encouraged to attend and further that a report be submitted on this matter to the Audit Committee at its meeting to be held on June 13, 2002

**(Report No. 4, Clause 7)**

**2.14 2000 Arena Financial Statements**

The Audit Committee had before it a report (March 27, 2002) from the Chief Financial Officer and Treasurer respecting the 2000 Arena Financial Statements, and recommending that this report be received.

On motion by Councillor Holyday, the Audit Committee recommended that City Council receive the 2000 Financial Statements for the following arenas operated by Committees of Management:

Forest Hill Memorial Arena  
Moss Park Arena  
William H. Bolton Arena  
George Bell Arena  
Ted Reeve Arena  
North Toronto Memorial Arena

**(Report No. 4, Clause 8)**

**2.15 2000 Business Improvement Area Financial Statements**

The Audit Committee had before it a report (March 28, 2002) from the Chief Financial Officer and Treasurer respecting 2000 Business Improvement Area Financial Statements, and recommending that this report be received.

On motion by Councillor Altobello, the Audit Committee recommended that City Council receive the 2000 Financial Statements for the following Business Improvement Areas operated by Boards of Management:

Gerrard India Bazaar  
Greektown on the Danforth  
Harbord Street  
Little Italy  
York-Eglinton.

**(Report No. 4, Clause 9)**



**2.16 2000 Community Centre Financial Statements**

The Audit Committee had before it a report (March 27, 2002) from the Chief Financial Officer and Treasurer respecting 2000 Community Centre Financial Statements, and recommending that this report be received.

On motion by Councillor Altobello, the Audit Committee recommended that City Council receive the 2000 Financial Statements for the following community centres operated by Boards or Committees of Management:

Applegrove Community Complex	Cecil Community Centre
Central Eglinton Community Centre	519 Church Street Community Centre
Community Centre 55	Harbourfront Community Centre
Eastview Neighbourhood Community Centre	Ralph Thornton Community Centre
Scadding Court Community Centre	Swansea Town Hall Community Centre

**(Report No. 4, Clause 10)**

**2.17 Fair Wage Policy Enhancements and Procedures Review**

The Audit Committee had before it a report (March 26, 2002) from the City Clerk, Administration Committee, respecting Fair Wage Policy Enhancements and Procedures Review, advising of the Administration Committee's actions at its meeting held on March 26, 2002, in having:

- (1) recommended to Council the adoption of Recommendations Nos. (1) to (9) embodied in the joint report (March 1, 2002) from the Commissioner of Corporate Services and the Manager, Fair Wage and Labour Trades Office, entitled "Fair Wage Policy Enhancements and Procedures Review"; and
- (2) concurred with the following Recommendation No. (10) embodied in the aforementioned joint report:

“(10) this report be forwarded to the Audit Committee for their information as a status report for its meeting on April 11, 2002 (Appendix C).”

On motion by Councillor Holyday, the Audit Committee referred the joint status report (March 1, 2002) from the Commissioner of Corporate Services and the Manager, Fair Wage and Labour Trades Office, entitled, "Fair Wage Policy Enhancements and Procedures Review" to the City Auditor for review and report back to the Audit Committee on outstanding issues.

(Letter sent to: City Council – April 11, 2002)

**(Report No. 4, Clause 12(g))**

## **2.18 Revenue Controls Review - Toronto Police Service**

The Audit Committee had before it a report (March 20, 2002) from the Acting Chair, Toronto Police Services Board respecting Revenue Controls Review – Toronto Police Service, and recommending that the Audit Committee receive this report.

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

(Letter sent to: Chair, Toronto Police Services Board; c: City Auditor – April 12, 2002)

**(Report No. 4, Clause 12(h))**

## **2.19 Trade Link**

The Audit Committee had before it a communication (March 21, 2002) from Councillor Moscoe respecting Trade Link, and requesting the City Auditor to conduct an audit of the viability of Trade Link and report back.

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee referred the foregoing communication to the City Auditor.

(Letter sent to: City Auditor; c: Councillor Moscoe; Commissioner of Economic Development, Culture and Tourism – April 12, 2002)

**(Report No. 4, Clause 12(i))**

## **2.20 Policy: Fraud and Other Similar Irregularities – Revision to Media Issues Section**

The Audit Committee had before it a report (April 8, 2002) from the City Auditor respecting Policy: Fraud and Other Similar Irregularities – Revision to Media Issues Section, and recommending that:

- (1) the Media Issues section, in the policy entitled Fraud and Other Similar Irregularities (the Fraud Policy), be revised to clarify the original intended procedures and current City protocols; and
- (2) the revised Fraud Policy be forwarded to all Agencies, Boards and Commissions and special purpose bodies; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

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

**(Report No. 4, Clause 11)**

## **2.21 The Evaluation of the Air Support Unit Pilot Project – Toronto Police Service**

The Audit Committee had before it a report (April 8, 2002) from the City Auditor respecting the Evaluation of the Air Support Unit Pilot Project – Toronto Police Service, and recommending that that this report be received for information.

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

(Letter sent to: City Auditor; c.: Chair, Toronto Police Services Board – April 12, 2002)

**(Report No. 4, Clause 12(j))**

## **2.22 Day Care Centres**

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee allowed the introduction of a communication (April 11, 2002) from Councillor Balkissoon respecting Day Care Centres, and requesting that this matter be considered in the City Auditor's Workplan and that it receive priority.

On motion by Councillor Altobello, the Audit Committee requested the Acting Commissioner of Community and Neighbourhood Services to report on the issues raised in the communication (April 11, 2002) from Councillor Balkissoon respecting Day Care Centres and requested that the report be submitted to the City Auditor for comment.

(Letter sent to: Acting Commissioner of Community and Neighbourhood Services; c.: City Auditor – April 12, 2002)

**(Report No. 4, Clause 12(k))**

## **2.23 Performance Evaluation of City Auditor**

On motion by Councillor Holyday, the Audit Committee adjourned its public session to meet in camera, as the subject dealt with personal matters about an identifiable individual, including municipal or local board employees.

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On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee forwarded a confidential recommendation to the Chief Administrative Officer; and advised that, in accordance with the Municipal Act, discussions pertaining to this matter were held in camera, as the subject dealt with personal matters about an identifiable individual, including municipal or local board employees.

**(Report No. 4, Clause 12(1))**

The Committee adjourned at 4:15 p.m.

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Chair

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**Attendance:**

April 11, 2002	9:30 a.m. – 11:40 a.m.	11:40 a.m. - 12:55 p.m. (In Camera)	2:00 p.m. – 3:40 p.m.	3:40 p.m. – 4:15 p.m.
Balkissoon (Chair)	X	X	X	X
Holyday (Vice-Chair)	X	X	X	X
Altobello	X	X	X	X
Bussin			X	X
Milczyn	X	X	X	X
Minnan-Wong	X	X	X	

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

Note: Councillors Flint, Kelly, Miller, Moscoe, Pitfield, and Walker were also present during some or all portions of the meeting.