

**THE CITY OF TORONTO**

**Clerk's Department**

**Minutes of the Audit Committee**

**Meeting 6**

**Thursday, September 23, 2004**

The Audit Committee met on Thursday, September 23, 2004 in Committee Room 1, 2nd Floor, City Hall, commencing at 2:15 p.m.

No Declarations of Interest pursuant to the Municipal Conflict of Interest Act were declared.

On motion by Councillor Del Grande, the Minutes of the Meetings held on February 24, May 11 and July 13, 2004 were confirmed.

**6.1 Implementation Plan on Recommendations of Auditor General's Report on Review of Receivables Relating to Parks and Recreation Operations and the Review of Revenue and Cash Controls Relating to the Parks and Recreation Division**

The Audit Committee had before it a report (September 13, 2004) from the Commissioner Economic Development, Culture and Tourism, reporting on an implementation plan and associated timelines to address each of the recommendations contained in the Auditor General's Report, titled "Review of Receivables Relating to Parks and Recreation Operations and the Review of Revenue and Cash Controls Relating to the Parks and Recreation Division, North and South Districts.

Recommendations:

It is recommended that this report be received for information.

On motion by Councillor Del Grande, the Audit Committee:

- (1) received the report (September 13, 2004) from the Commissioner of Economic Development, Culture and Tourism for information;
- (2) requested the Chief Administrative Officer to report to the Audit Committee on a process through which the City's Agencies, Boards and Committees report on the implementation of the Auditor General's recommendations;

- (3) requested the Commissioner of Economic Development, Culture and Tourism report further to the Audit Committee on November 23, 2004, the report to include a breakdown of accounts receivable, including the age of the accounts; and
- (4) requested the City Clerk ensure that the original report from the Auditor General is appended to any implementation report submitted to the Audit Committee.

(Letters sent to: Chief Administrative Officer and Commissioner of Economic Development, Culture and Tourism c.: Auditor General – September 28, 2004)

**(Report 5, Other Items Clause 5(a))**

**6.2 Status Update to the Audit Services' Staff Report: Information Security Framework, January 26, 2001**

The Audit Committee had before it a report (September 10, 2004) from the Commissioner, Corporate Services, providing management's responses to the Audit Services' staff report (January 26, 2001) regarding the information security framework and to advise the Audit Committee of the work completed to date.

Recommendations:

It is recommended that this report be received for information.

On motion by Councillor Holyday, with Councillor Del Grande in the Chair, the Audit Committee received the report (September 10, 2004) from the Commissioner of Corporate Services for information, and requested the Chief Administrative Officer and Commissioner of Corporate Services to submit a progress report, with recommendations and time lines for implementation, to the Audit Committee in January, 2005.

(Letters sent to: Chief Administrative Officer and Commissioner of Corporate Services c.: Auditor General and Executive Director, Information and Technology, Corporate Services – September 28, 2004)

**(Report 5, Other Items Clause 5(b))**

**6.3 Status Update to the Auditor General's Report on Oracle Database Review Security Controls and Other Issues**

The Audit Committee had before it a joint report (September 8, 2004) from the Chief Administrative Officer and the Commissioner of Corporate Services, advising the Audit Committee of work completed to date with respect to the recommendations and the

management response pertaining to the Auditor General's Report on Oracle Database Review – Security Controls and Other Issues.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Holyday, with Councillor Del Grande in the Chair, the Audit Committee:

- (1) received the joint report (September 8, 2004) from the Chief Administrative Office and the Commissioner of Corporate Services for information;
- (2) requested the Chief Administrative Officer and Commissioner of Corporate Services to submit a progress report, with recommendations and time lines for implementation, to the Audit Committee in January, 2005; and
- (3) requested the Chief Administrative Officer and the Commissioner of Corporate Services to submit to the Audit Committee the responses of the City's Agencies, Boards and Commissions to the Audit Committee on November 23, 2004

(Letters sent to: Chief Administrative Officer and Commissioner of Corporate Services c.: Auditor General and Executive Director, Information and Technology, Corporate Services – September 28, 2004)

**(Report 5, Other Items Clause 5(c))**

**6.4 Toronto Maintenance Management System (TMMS)**

The Audit Committee had before it a report (September 10, 2004) from the Acting Commissioner, Works and Emergency Services, reporting to the Audit Committee on the implementation status of the recommendations contained in the report (March 30, 2004) from the Auditor General respecting the Toronto Maintenance Management System.

Recommendation:

It is recommended that this report be received for information by the Audit Committee.

On motion by Councillor Holyday, with Councillor Del Grande in the Chair, the Audit Committee received the report (September 10, 2004) from the Acting Commissioner of Works and Emergency Services for information, and requested the Chief Administrative Officer and Commissioner of Corporate Services to submit a progress report, with recommendations and time lines for implementation, to the Audit Committee in January, 2005.

(Letters sent to: Chief Administrative Officer and Commissioner of Corporate Services c.: Auditor General and Director, Transportation Services, East District, Works and Emergency Services – September 28, 2004)

**(Report 5, Other Items Clause 5(d))**

**6.5 Overtime Threshold Limits**

The Audit Committee had before it report (September 13, 2004) from the Chief Financial Officer and Treasurer, providing the Audit Committee with information on the legislated requirements for a cap on overtime of hourly paid employees; and overtime thresholds in connection with the City's Agencies, Boards and Commissions.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Holyday, with Councillor Del Grande in the Chair, the Audit Committee received the report (September 10, 2004) from the Chief Financial Officer and Treasurer for information, and requested that the responses from the City's Agencies, Boards and Commissions be submitted to the Auditor General in time for the Audit meeting of November 23, 2004.

(Letter sent to: Chief Financial Officer and Treasurer c.: Auditor General and Director, Pension, Payroll and Employee Benefits, Finance – September 28, 2004)

**(Report 5, Other Items Clause 5(e))**

**6.6 Investment Management Review of the Toronto Parking Authority and the Toronto Public Library Board**

The Audit Committee had before it a report (June 28, 2004) from the Chief Financial Officer and Treasurer, providing an investment management review of the Toronto Parking Authority and the Toronto Public Library Board.

Recommendations:

It is recommended that the Toronto Parking Authority and the Toronto Library Board:

- (1) continue to manage their investments in accordance and in compliance with the City's investment policy;

- (2) provide the Chief Financial Officer and Treasurer with semi-annual updates of their investment portfolios and activities; and
- (3) notify the Chief Financial Officer & Treasurer whenever they identify an opportunity to invest \$1 million or greater for a period greater than one year so that the City's Finance Department can provide a competitive bid for the funds.

On motion by Councillor Del Grande, the Audit Committee referred the report (June 28, 2004) from the Chief Financial Officer and Treasurer to the Auditor General and the Chief Financial Officer and Treasurer for review and report back to the Audit Committee on November 23, 2004, such report to include comments from the Chief Administrative Officer respecting the relationship between the City and its Agencies, Boards and Commissions.

(Letters sent to: Auditor General and Chief Financial Officer and Treasurer c.: Chief Administrative Officer – September 28, 2004)

**(Report 5, Other Items Clause 5(k))**

**6.7 Procurement Process Review Implementation – Consolidated Report**

The Audit Committee had before it a communication (July 26, 2004) from the City Clerk, forwarding, for information, Administration Committee Report 5, Clause 7, titled "Procurement Process Review Implementation – Consolidated Report", which was adopted by City Council on July 20, 21 and 22, 2004.

On motion by Councillor Fletcher, the Audit Committee received the communication (July 26, 2004) from the City Clerk for information, and requested the Chief Financial Officer and Treasurer, in consultation with appropriate officials, to develop a template for the performance evaluation of the work once contracts have been completed and submit the template to the Administration Committee by November, 2004.

(Letter sent to: Chief Financial Officer and Treasurer c.: Auditor General – September 28, 2004)

**(Report 5, Other Items Clause 5(f))**

**6.8 Status of Outstanding Financial Audits of Various Financial Statements – for the Year Ended December 31, 2003**

The Audit Committee had before it a report (June 29, 2004) from the Auditor General, providing the Audit Committee with the status of the financial audits of the North York Performing Arts Centre Corporation for the year ended December 31, 2003.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Del Grande, the Audit Committee received the report (June 29, 2004) from the Auditor General for information.

(Letter sent to: Auditor General c.: Senior Audit Manager, Auditor General's Office – September 28, 2004)

**(Report 5, Other Items Clause 5(g))**

**6.9 Status of Outstanding Financial Audits of Various Financial Statements of Community Centres and Arenas – for the Year Ended December 31, 2003**

The Audit Committee had before it a report (June 29, 2004) from the Auditor General, providing the Audit Committee with a status report on those audited financial statements of Community Services and Arenas not yet completed.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Del Grande, the Audit Committee received the report (June 29, 2004) from the Auditor General for information.

(Letter sent to: Auditor General c.: Senior Audit Manager, Auditor General's Office - July 15, 2004)

**(Report 5, Other Items Clause 5(h))**

**6.10 Terms of Reference – Audit Projects**

The Audit Committee had before it a Report (September 15, 2004) from the Auditor General, providing the Audit Committee with the terms of reference for certain audit projects included in the 2004 Audit Work Plan that will be commencing shortly.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Del Grande, the Audit Committee received the report (September 15, 2004) from the Auditor General for information.

(Letter sent to: Auditor General – September 28, 2004)

**(Report 5, Other Items Clause 5(i))**

**6.11 Outstanding Issues from Management Letters – Audit Results for the Year Ended December 31, 2003 – Toronto Public Library Board and Trust Funds of the Toronto Public Library Board**

The Audit Committee had before it a communication (September 2, 2004) from the City Librarian, recommending that the “Outstanding Issues from Management Letters – Audit Results for the Year Ended December 31, 2003 – Toronto Public Library Board and Trust Funds of the Toronto Public Library Board” report be received for information.

On motion by Councillor Holyday, with Councillor Del Grande in the Chair, the Audit Committee received the communication (September 2, 2004) from the City Librarian for information, and requested the Chief Administrative Officer, in consultation with the Auditor General and the City Clerk, to develop a process to ensure that required responses by the City’s agencies, boards and commissions are forwarded to the Audit Committee.

(Letter sent to: Chief Administrative Officer c.: City Clerk, Auditor General and City Librarian – September 28, 2004)

**(Report 5, Other Items Clause 5(j))**

**6.12 Toronto Police Services Board’s Authority to Write-off Accounts Receivable**

The Audit Committee had before it a report (June 21, 2004) from the Chief Financial Officer and Treasurer, responding the Audit Committee’s request to report back on the authority under which the Toronto Police Services Board can write off accounts receivable balances.

Recommendation:

It is recommended that this report be received for information.

The Audit Committee also had before it a report (September 10, 2004) from the Chief Financial Officer and Treasurer, responding to the Audit Committee’s request to report back on the policy and applicable legislation respecting the limits of write-offs of Accounts Receivable for the Toronto Police Services Board.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Holyday, with Councillor Del Grande in the Chair, the Audit Committee:

- (1) received the reports (June 21, 2004) and (September 10, 2004) from the Chief Financial Officer and Treasurer for information; and
- (2) recommended that the Toronto Police Services Board be requested to amend its policy on Authority for Write-Offs as Uncollectable Outstanding Amounts, in order to bring its policy into conformity with the City's policy.

(Letter sent to: Chief Financial Officer and Treasurer c.: Director, Accounting Services, Finance, Auditor General and Toronto Police Services Board – September 28, 2004)

**(Report 5, Clause 3)**

**6.13 Semi-Annual Update: Response to the Review of the Investigation of Sexual Assaults – Toronto Police Service**

The Audit Committee had before it a report (August 12, 2004) from the Chair, Toronto Police Services Board, providing an update on the implementation of recommendations following the audit on how sexual assault investigations are conducted.

Recommendation:

It is recommended that the Audit Committee receive this report.

On motion by Councillor Del Grande, the Audit Committee received the report (August 12, 2004) from the Chair, Toronto Police Services Board for information.

(Letter sent to: Chair, Toronto Police Services Board – September 28, 2004)

**(Report 5, Other Items Clause 5(I))**

**6.14 Arena Board Responses to 2002 Management Letter Recommendations**

The Audit Committee had before it a Report (September 9, 2004) from the Chief Financial Officer and Treasurer, reporting on issues identified in the 2002 management letters issued to various Committees of Management for Arenas.



Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Del Grande, the Audit Committee recommended that City Council receive the 2002 Financial Statements of the Forest Hill Memorial Arena and the Ted Reeve Community Arena appended to the report (April 19, 2004) from the Chief Financial Officer and Treasurer.

On further motion by Councillor Del Grande, the Audit Committee received the report (September 9, 2004) from the Chief Financial Officer and Treasurer for information:

(Letter sent to: Auditor General c.: Director, Accounting Services, Finance and Manager, Financial Reporting, Finance – September 28, 2004)

**(Report 5, Other Items Clause 5(m))**

**6.15 TTC Insurance Company Limited – Financial Statements for the Year 2003**

The Audit Committee had before it a communication (June 24, 2004) from the Secretary, TTC Insurance Company Limited forwarding the TTC Insurance Company Limited Financial Statements, Year Ended December 31, 2003, for information.

On motion by Councillor Del Grande, the Audit Committee recommends that City Council receive the TTC Insurance Company Limited Financial Statements for the year ended December 31, 2003.

**(Report 5, Clause 4)**

**6.16 Toronto Community Housing Corporation – 2003 Annual Report to Shareholder, Audited Consolidated Financial Statements, By-law Amendments and Annual General Meeting**

The Audit Committee had before it a communication (July 26, 2004) from the City Clerk, forwarding, for information, Policy and Finance Committee Report 6, Clause 11, titled “Toronto Community Housing Corporation – 2003 Annual Report to Shareholder, Audited Consolidated Financial Statements, By-law Amendments and Annual General Meeting”, which was amended and adopted by City Council on July 20, 21 and 22, 2004.

On motion by Councillor Del Grande, the Audit Committee received the communication (July 26, 2004) from the City Clerk for information.

(Letter sent to: Auditor General – September 28, 2004)

**(Report 5, Other Items Clause 5(n))**

**6.17 2003 Yonge-Dundas Square Financial Statements**

The Audit Committee had before it a communication (August 18, 2004) from the Chair, Board of Management, Yonge-Dundas Square, submitting the financial statements of the Yonge-Dundas Square for the year ended December 31, 2003.

On motion by Councillor Del Grande, the Audit Committee recommends that:

- (1) City Council receive the financial statements of the Yonge-Dundas Square for the year ended December 31, 2003; and
- (2) a continuity schedule of the deficit/profit be submitted to the Audit Committee as part of the Notes to the Audited Financial Statements.

**(Report 5, Clause 1)**

**6.18 2003 Financial Statements of Business Improvement Areas**

The Audit Committee had before it a joint report (September 10, 2004) from the Chief Financial Officer and Treasurer and the Commissioner of Economic Development, Culture and Tourism, providing the 2003 Financial Statements and Related Management letters for the Business Improvement Areas operated by the Boards of Management.

Recommendation:

It is recommended that the 2003 financial statements and related management letters appended to this report for Business Improvement Areas operated by Boards of Management be received.

(Financial Statements distributed to Members only)

On motion by Councillor Del Grande, the Audit Committee recommends that City Council receive the 2003 financial statements and related management letters of the following Business Improvement Areas, as appended to the joint report (September 10, 2004) from the Chief Financial Officer and Treasurer and the Commissioner of Economic Development, Culture and Tourism, and submitted under separate cover:

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Bloor-Yorkville BIA  
Corso Italia BIA  
Eglinton Way BIA  
Forest Hill Village BIA  
Hillcrest Village BIA  
Kingsway BIA

Queen Broadview Village BIA  
Roncesvalles Village BIA  
St. Lawrence Neighbourhood BIA  
Danforth (formerly Danforth by the Valley) BIA  
Yonge-Lawrence Village BIA

**(Report 5, Clause 2)**

The Audit Committee adjourned at 4:10 p.m.

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Chair

Attendance:

September 23, 2004	2:00 p.m. – 4: 10 p.m.*
Balkissoon (Chair)	
Holyday (Vice-Chair)	X
Del Grande	X
Fletcher	X
Stintz	X

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