

**NOT CONFIRMED**

**THE CITY OF TORONTO**

**Clerk's Department**

**Minutes of the Audit Committee**

**Meeting 1**

January 17, 2005

The Audit Committee met on Monday, January 17, 2005 in Committee Room 1, 2<sup>nd</sup> floor, City Hall, commencing at 9:30 a.m.

No declarations of interest under the Municipal Conflict of Interest Act were declared.

On motion by Councillor Holyday, the Minutes of the meeting held on November 23, 2004, were confirmed.

**1.1 Toronto Emergency Medical Services Operational Support Review – Works and Emergency Services Department**

The Audit Committee considered a report (November 29, 2004) from the Auditor General.

Recommendations:

It is recommended that:

- (1) the Chief Administrative Officer, take the necessary steps to ensure that previous recommendations contained in the Auditor General's report dated May 8, 2001 entitled "Review of Departmental Purchase Orders" are addressed and that:
  - (a) the City's procurement policies, procedures and guidelines are complied with and communicated to all staff involved in the acquisition of goods and services;
  - (b) necessary training is provided, such that staff is fully aware of, understand and comply with the policies, procedures and guidelines;
  - (c) effective management controls and monitoring measures are implemented to ensure compliance with Corporate procurement policies and procedures; and

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- (d) compliance with procurement policies and procedures is incorporated into the staff performance review process;
- (2) the Commissioner, Works and Emergency Services, clearly define and communicate the roles, responsibilities, authorities and accountability of program managers of the Toronto Emergency Medical Services and the Support Services Division, Works and Emergency Services, in the payment approval process, including the responsibility for reviewing related invoices, purchase orders and contracts;
- (3) the Commissioner, Works and Emergency Services, take the necessary action to ensure that all staff responsible for authorizing or processing invoice payments are aware of their responsibilities relating to the review of invoices and related supporting documents. Staff should also be aware of the need to review the contract terms, evaluate the appropriateness of all charges, as well as validating the accuracy of the goods and services provided;
- (4) the Chief/General Manager, Toronto Emergency Medical Services, take immediate steps to ensure that:
  - (a) an equipment inventory database which tracks all equipment over a certain dollar threshold amount is completed in a timely manner;
  - (b) procedures are established to monitor regular maintenance of all equipment; and
  - (c) the preventive maintenance history of each piece of equipment is systematically tracked in the database;
- (5) the Chief/General Manager, Toronto Emergency Medical Services, take immediate steps to correct the information maintained in the Stores' inventory system. Such actions include:
  - (a) completing an assessment of irregularities in the existing data, and developing an action plan, with specific timelines for the action to be taken to make the necessary corrections;
  - (b) documenting the functionality of the system and operating procedures, and providing formal training to ensure that staff has the necessary knowledge to effectively operate the system;
  - (c) strengthening controls over access to the system, including restricting access; and

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- (d) adjusting inventory records to reflect actual amounts on hand, with such adjustments being the subject of supervisory review and approval;
- (6) the Chief/General Manager, Toronto Emergency Medical Services:
- (a) identify the skills and expertise required by staff to effectively manage inventory items warehoused at the Stores;
  - (b) assess the skill set and competency level of current staff;
  - (c) develop a training and development program that ensures staff has the necessary skills and expertise to effectively perform their responsibilities;
  - (d) define the roles, responsibilities and authorities of supervisory and management staff responsible for the Stores operations; and
  - (e) provide adequate management oversight to reasonably ensure that irregularities are detected and corrected in a timely manner;
- (7) the Chief/General Manager, Toronto Emergency Medical Services, review and take the necessary steps to improve procedures for re-ordering, stocking and controlling access to inventory items at ambulance stations, and to ensure that appropriate quantities of medical and other supplies are maintained;
- (8) the Chief/General Manager, Toronto Emergency Medical Services, comply with City policies and:
- (a) discontinue the current practice of subsidizing or contributing to certain staff events; and
  - (b) discontinue the current practice of making contributions to private and public organizations, or in exceptional circumstances, obtain prior approval from the Commissioner, Works and Emergency Services;
- (9) the Chief/General Manager, Toronto Emergency Medical Services, ensure that Toronto Emergency Medical Services complies with City policy with respect to business meeting and entertainment expenses, such that expenses be claimed by the most senior staff person present at the meeting or event and be approved by the next level of management who is not at the same meeting or event. Expense claims of the Chief/General Manager, Toronto Emergency Medical Services, should be approved by the Commissioner, Works and Emergency Services;
- (10) the Commissioner, Corporate Services, in consultation with the Chief/General Manager, Toronto Emergency Medical Services, undertake a review of the use of cellular telephones and pagers by the Toronto Emergency Medical Services. This review include but not be limited to:

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- (a) an assessment of communication needs of the Toronto Emergency Medical Services;
  - (b) an identification and analysis of cost saving opportunities, including a detailed review to determine whether the Toronto Emergency Medical Services is paying monthly charges for inactive pagers, and whether corrective actions are required; and
  - (c) the management and co-ordination of purchases and service subscriptions of cellular telephones and pagers of the Toronto Emergency Medical Services;
- (11) the Chief/General Manager, Toronto Emergency Medical Services, develop a policy respecting the provision of uniforms to Toronto Emergency Medical Services staff, in particular management staff who do not normally conduct field visits, outlining the justification and costs for this practice. Such a policy be appropriately approved;
- (12) the Chief/General Manager, Toronto Emergency Medical Services, obtain authorization from City Council to revise the contract value for the purchases of parkas, as required by Toronto Municipal Code, Chapter 71 (Financial Control);
- (13) the Chief/General Manager, Toronto Emergency Medical Services, review the practice and necessity of labelling certain uniforms with specific job titles. The elimination of such a practice would provide greater flexibility in the allocation of uniforms to staff and likely eliminate the requirement to purchase significant numbers of uniforms for inventory purposes;
- (14) the Chief/General Manager, Toronto Emergency Medical Services, review the current arrangements for the delivery of services provided by the staff Psychologist. Such a review to determine the costs of the services and the availability of such services through the City's benefit plans;
- (15) the Chief Financial Officer and Treasurer ensure that all payments to employees are properly reported for income tax purposes; and
- (16) the Chief/General Manager, Toronto Emergency Medical Services, report back to the April 2005 meeting of the Audit Committee with a response to each of the recommendations in this report, outlining the specific action taken or to be taken, and a suggested timetable for implementation.

The Audit Committee also considered a report (January 4, 2005) from the Acting Commissioner, Works and Emergency Services and the Chief/General Manager, Toronto Emergency Medical Services providing preliminary comments and responses to the

recommendations contained in the Audit General's report on his review of the Toronto EMS Operational Support Section

Recommendation:

It is recommended that this report be received for information.

The Audit Committee also considered a communication (January 14, 2005) from the City Clerk, Audit Committee forwarding a revised Appendix A as submitted by staff.

The Audit Committee recommended that:

- (1) City Council adopt the staff recommendations in the Recommendations Section of the report (November 29, 2004) from the Auditor General; (Councillor Holyday)
- (2) all future Management Responses from staff to Auditor General reports include information relating to the staff person involved with each recommendation and the implementation timelines; (Councillor Del Grande)
- (3) the Chief Financial Officer and Treasurer be requested report to the Policy and Finance Committee with a policy that would remove recouped funds from the department in question and place them in a corporate account; (Councillor Del Grande)
- (4) the Chief Administrator Officer and the Chief Financial Officer & Treasurer be requested to report to the Audit Committee on conducting a review of current procedures with a view to revising the Corporate policy for the budgeting/collection rebates of GST and PST so that the City maximizes the refund opportunities; (Councillor Balkissoon)
- (5) the Chief Administrative Officer be requested to report to the April 5, 2005 meeting of the Audit Committee on:
  - (a) giving the Toronto Emergency Medical Services Store a priority in the City-Wide Stores Review and consider whether this Store should be brought under the same management and control of all city stores and include in her report immediate interim actions and long term solutions; and (Councillor Balkissoon)
  - (b) include in the City-Wide Stores Review the feasibility of computerizing the Division's inventory ; and (Councillor Fletcher)
- (6) the Commissioner of Works and Emergency Services and the Chief/General Manager, Toronto Emergency Services be requested to report to the April 5, 2005 Audit Committee meeting with a solution for the current practice of labeling

parkas which could result in no new parkas being ordered until the inventory level has been reduced to an acceptable level. (Councillor Balkissoon)

The following motion, placed by Councillor Fletcher, was voted on and lost on the division of votes as noted:

“Recommendation 14 of the report (November 29, 2004) from the Auditor General, be amended to read:

“(14) EMS continue to use in-staff professional services of a full time phsychologist.”

For: Councillor Fletcher

Against: Councillor Del Grande  
Councillor Holyday  
Councillor Stintz  
Councillor Balkissoon

**(Report 1, Clause 1)**

**1.2 Annual Report on the Status of Fraud and Related Matters, Including the Operation of the Fraud and Waste Hotline Program**

The Audit Committee considered a report (December 31, 2004) from the Auditor General submitting, as requested, an annual report on the status of fraud and related matters, including the operation of the Fraud and Waste Hotline Program.

Recommendations:

It is recommended that this report be received for information.

The Audit Committee also had before it a paper copy of PowerPoint presentation given by Carmelina Di Mondo, Senior Audit Manager, Auditor General’s Office.

On motion by Councillor Holyday, the Audit Committee received the report from the Auditor General.

**(Report 1, Other Items Clause 6)**

**1.3 Corporate Absenteeism/Attendance Management Follow-up Review**

The Audit Committee had before it a report (October 15, 2004) from the Auditor General.

Recommendations:

It is recommended that:

- (1) the Commissioner, Corporate Services, develop a standardized reporting format to document the results of meetings held with employees to discuss their absenteeism and ensure that evidence of acknowledgement by the employee of these discussions and action taken is retained on file; and
- (2) Commissioners ensure that staff have access to appropriate Attendance Management Reports and that the information in these reports forms the basis for compliance with the City's policy on managing employee attendance.

The Audit Committee also considered a report (January 5, 2005) from the Commissioner, Corporate Services providing a management response to the Auditor General's report.

Recommendation:

It is recommended that this report be received for information.

The Audit Committee also considered a communication (January 17, 2005) from Brian Cochrane, President, Toronto Civic Employees Union Location 416 CUPE.

The Audit Committee:

- (1) recommended that City Council adopt the staff recommendations contained in the Recommendations Section of the report (October 15, 2004) from the Auditor General; (Councillor Holyday)
- (2) requested the Chief Administrative Officer to report to the April 5, 2005 meeting of the Audit Committee:
  - (a) on the latest attendance report which was presented to the Employee and Labour Relations Committee; (Councillor Holyday)
  - (b) in consultation with the Commissioner of Corporate Services, on attendance/absenteeism processes currently in use at the City's Agencies, Boards and Commissions, particularly the Toronto Transit Commission and the Toronto Police Service, and include in her report a process to identify past practices from each entity and whether or not these best practices can be incorporated into the City's attendance management process; and (Councillor Balkissoon with Councillor Holyday in the Chair)

- (c) on attendance comparisons on comparable outside employee groups.  
(Councillor Holyday)

(Letter sent to: Chief Administrative Officer, Commissioner of Corporate Services; c.: Auditor General, Administrator, Audit Committee - February 11, 2005)

**(Report 1, Clause 2)**

#### **1.4 Auditor General's Audit Reports – Benefits to the City of Toronto**

The Audit Committee considered a report (January 7, 2005) from the Auditor General.

Recommendations:

It is recommended that:

- (1) this report be received for information; and
- (2) in accordance with the request of the Audit Committee, this report be forwarded to the Budget Advisory Committee.

The Audit Committee also had before it a paper copy of PowerPoint Presentation given by Steve Harris, Senior Auditor Manager, Auditor General's Office.

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee forwarded the report (January 7, 2005) from the Auditor General to the Budget Advisory Committee for consideration with the Auditor General's 2005 budget submission.

(Letter sent to: City Council, Budget Advisory Committee - January 20, 2005)

**(Report 1, Other Items Clause 6)**

#### **1.5 Community Centres and Arenas – 2003 Audited Financial Statements and Management Letters**

The Audit Committee considered a report (December 17, 2004) from the Auditor General.

Recommendations:

It is recommended that the Chief Administrative Officer, in the implementation of the City's new organization structure, give consideration to having the Arena



Committees/Boards of Management functionally aligned with the new Parks, Forestry and Recreation Program.

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

- (1) receive the 2003 Financial Statements and related Management Letters of the North Toronto Memorial Arena as attached to the report (December 17, 2004) from the Auditor General, and submitted under separate cover; and
- (2) request the Chief Administrative Officer, in the implementation of the City's new organization structure, to give consideration to having the Arena Committees/Boards of Management functionally aligned with the new Parks, Forestry and Recreation Program.

(Letter sent to: Chief Administrative Officer; c.: Auditor General - February 11, 2005)

**(Report 1, Clause 3)**

**1.6. 2003 Financial Statements of Business Improvement Areas**

The Audit Committee considered a report (January 5, 2005) from the Chief Financial Officer and Treasurer and the Commissioner of Economic Development, Culture and Tourism.

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.

(The Financial Statement and Management letters of BIAs were distributed to members of the Committee and appropriate staff only.)

On motion by Councillor Del Grande, the Audit Committee recommended that City Council receive the 2003 Financial Statements and related Audit Management Letters of the following Business Improvement Areas, as attached to the joint report (January 5, 2005) from the Chief Financial Officer and Treasurer and the Commissioner of Economic Development, Culture and Tourism, and submitted under separate cover:

Downtown Yonge Street  
Harbord Street  
Little Italy  
Long Branch

Pape Village  
Rosedale-Summerhill  
Upper Village (York)  
Upper Village (Toronto)

Mimico Village

**(Report 1, Clause 4)**

**1.7 Conflict of Interest Policy: Declaration by Employees**

The Audit Committee considered a report (October 19, 2004) from the Chief Administrative Officer reporting back on a reporting mechanism for tracking the Conflict of Interest Policy declarations by employees.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee recommended to City Council that the guidelines that support the Conflict of Interest Policy: Declaration by Employees be amended to require that further to the current requirement for employees to report any potential conflict or bias in connection with their duties, employees also be required to document and report (to their General Manager, Executive Director or the Chief Administrative Officer, as appropriate) on any and all situations that involve attending events, receipt of gifts or meals from any vendors or potential vendors or their agents and representatives, and that such reporting and documentation include the purpose of the meeting, meal, gift, event, etc., and those in attendance.

On motion by Councillor Balkissoon, the Audit Committee received the report (October 19, 2004) from the Chief Administrative Officer.

(Letter sent to: Chief Administrative Officer; c.: Auditor General - February 11, 2005)

**(Report 1, Clause 5)**

**1.8 Toronto Hydro Corporation – “2003 THC Audit Observations and Recommendations” (Management Letter)**

On motion by Councillor Fletcher, the Audit Committee agreed to meet in camera to consider a matter the subject of which dealt with the security of the property of the municipality or local board.

At 12:40 p.m. the Committee adjourned to meet in-camera. At 12:55 the Committee resumed its public session.

The Audit Committee considered a communication (December 7, 2004) from the City Clerk advising that City Council, at its meeting on November 30, December 1 and 2, 2004, referred Clause 15 of Report 6 of the Audit Committee, titled “Toronto Hydro

Corporation – 2003 THC Audit Observations and Recommendations (Management Letter)', back to the Audit Committee for further consideration.

(The joint confidential report (November 16, 2004) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer (referred to in the above clause) was submitted to City Council under confidential cover, and because the report relates to the security of the property of the municipality or local board, under the *Municipal Act, 2001* discussions be held in-camera.)

The Audit Committee also considered a confidential communication (January 14, 2005) from the City Clerk.

On motion by Councillor Fletcher, the Audit Committee deferred the communication (December 7, 2004) from the City Clerk and related confidential material, to the Committee's next meeting on April 5, 2005 and requested the Chief Administrative Officer to bring forward to that meeting, the outstanding report on how Terms of Reference of Enwave, TEDCO, Toronto Hydro, Toronto Parking Authority and the Toronto Community Housing Corporations may be amended in order to require them to respond to the Auditor General, and expand on that report request to include information on access to all City of Toronto's ABCs and Agencies which the City's is the sole shareholder.

**(Report 1, Other Items Clause 6)**

**1.9 Procurement Process Review Implementation – Status Report**

The Audit Committee considered a report (January 6, 2005) from the Chief Financial Officer and Treasurer providing a status update on the implementation of the recommendations in the Auditor General's Report on the Procurement Process Review, adopted by City Council on April 14, 15 and 16, 2003.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Balkissoon, the Audit Committee:

- (1) received the report (January 6, 2005) from the Chief Financial Officer; and
- (2) requested the Chief Financial Officer and Treasurer to provide to the Audit Committee a quarterly report, in chart form, on the performance indicators for the Purchasing and Materials Management Division.

**(Report 1, Other Items Clause 6)**

**1.10 Collection of Outstanding Water and Sewer Accounts**

The Audit Committee considered a report (January 5, 2005) from the Chief Financial Officer and Treasurer responding to an Audit Committee request for a report on the amount of water and sewer charges outstanding including what collection procedures can be implemented to collect these funds and a collection program/policy to better control uncollectable water and sewer accounts.

Recommendation:

It is recommended that this report be received for information.

On motion by Councillor Del Grande, the Audit Committee received the report (January 5, 2005) from the Chief Financial Officer.

**(Report 1, Other Items Clause 6)**

The Audit Committee adjourned at 12:56 p.m.

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Chair

Attendance:

January 17, 2005	9:30 a.m. – 12:55 p.m.*	12:55 p.m. – 12:56 p.m.
Balkissoon (Chair)	X	X
Holyday (Vice-Chair)	X	
Del Grande	X	X
Fletcher	X	X
Stintz	X	X

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