

NOT CONFIRMED

THE CITY OF TORONTO

City Clerk's Office

Minutes of the Audit Committee

Meeting 2

Tuesday, April 5, 2005

The Audit Committee met on Tuesday, April 5, 2005, in Committee Room 2, 2nd Floor, City Hall, Toronto, commencing at 9:37 a.m.

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

2.1 The Auditor General's Follow-Up Review on the October 1999 Report Entitled: "Review of the Investigation of Sexual Assaults – Toronto Police Service" dated October, 2004

The Audit Committee had before it a report (March 16, 2005) from Councillor Pam McConnell, Chair, Toronto Police Services Board, respecting the Auditor General's Follow-Up Review on the October 1999 Report Entitled: "Review of the Investigation of Sexual Assaults – Toronto Police Service" dated October, 2004, and recommending that the Audit Committee receive this report.

On motion by Councillor Del Grande, the Audit Committee:

- (1) recommended that City Council request the Toronto Police Services Board to instruct the Chief of Police to report to the Toronto Police Services Board every 6 months for the next three years with an update on the recommendations contained in the Auditor General's Follow-up Review (October, 2004) on the October 1999 Report, titled "Review of the Investigation of Sexual Assaults – Toronto Police Service", and to submit this report onto the Audit Committee.; and
- (2) received the report (March 16, 2005) from Councillor Pam McConnell, Chair, Toronto Police Services Board.

(Report 2, Clause 1)

2.2 Telecommunication Services Review

The Audit Committee had before it a report (January 31, 2005) from the Auditor General, respecting Telecommunication Services Review, and recommending that:

- (1) City Council direct that this report be forwarded to all major City Agencies, Boards and Commissions. These entities be required to review the recommendations in this report to determine whether or not they have relevance to their operations and report to the November 2005 meeting of the Audit Committee on the results of their reviews, including any action taken or proposed;
- (2) the Commissioner, Corporate Services, ensure that new contracts are properly reviewed, approved and executed prior to the termination of the previous contract;
- (3) the Commissioner, Corporate Services, evaluate whether or not there is the potential for the recovery of fees paid to the network service provider in regard to the non-performance of certain provisions in the contract. In addition, the Commissioner, Corporate Services, consider including in contracts, where appropriate, remedies for non-compliance of contract terms and conditions. Such potential remedies to include liquidated damages (penalty clauses) for non-performance;
- (4) the Commissioner, Corporate Services, ensure that all appropriate contracts contain the necessary insurance guarantee provisions, that renewals are executed as required, and documentation to be provided is received in a timely manner;
- (5) the Chief Administrative Officer, in the development of its contract management framework, develop a standard template which identifies in a summary form all relevant contract revisions such that:
 - changes from the previous contract terms are highlighted;
 - appropriate performance requirements are highlighted; and
 - prices, costs and other relevant details are identified;
- (6) the Chief Administrative Officer, in the development of its contract management framework, ensure that the responsibility for reviewing contract terms and conditions is clearly articulated. The process for determining whether or not invoices submitted by vendors are in compliance with contract provisions should also be clearly defined;
- (7) the Commissioner, Corporate Services, in consultation with the Chief Financial Officer and Treasurer, review the accounting process to ensure that any credits for discontinued land line and data services are tracked and received. In addition, the Commissioner, Corporate Services, ensure that at least once a year, the number of

telephone lines, voice mail and data circuits billed by the vendor is reconciled to the City's inventory records. Differences should be appropriately reviewed and adjustments be made where appropriate;

- (8) the Commissioner, Corporate Services, in consultation with departments, review the activation of telephone long distance calling features to ensure that such capability is only provided on a need-to-have basis and is removed from telephones located in shared or open areas. Where it is necessary to have the long distance feature activated on telephones located in shared or open areas, long distance activity for these telephones be monitored monthly;
- (9) the Commissioner, Corporate Services, in consultation with the service providers, ensure that an appropriate level of cellular telephone billing information is provided to all departments. Departments ensure that controls are in place for the recovery of non-business related calls;
- (10) the Commissioner, Corporate Services, review the invoice validation practices in relation to the provider of Internet services. Where billing amounts exceed a predetermined threshold, such differences be reviewed with the provider;
- (11) the Commissioner, Corporate Services, in consultation with departments, expedite a comprehensive review of the use of cellular telephones and pagers by all City departments. The review should include an assessment of each department's communication needs and the identification of cost saving opportunities such as the pooling of unused cell phone usage;
- (12) the Commissioner, Corporate Services, review on an ongoing basis the extent of cellular telephones where there has been no activity for a period of time and where appropriate, ensure that such telephones are deactivated. Inactive cell phones be returned to the Corporate Services Department for disposal or reassignment;
- (13) the Commissioner, Corporate Services, require that the vendor provide the City with information relating to all telephone lines that have not been used for a predetermined period of time. This information be provided to the appropriate departments for review and validation, and lines which are no longer needed should be disconnected;
- (14) the Commissioner, Corporate Services, ensure that the Network Services Unit monitor the use of data circuits on a periodic basis and data circuits identified as no longer needed should be disconnected;
- (15) the Commissioner, Corporate Services, ensure that discounts for longer-term cellular telephone subscriptions are considered when acquiring cellular telephones. In addition, procedures be implemented to ensure cellular telephone

subscription rebates are identified, tracked, received and accounted for appropriately;

- (16) the Commissioner, Corporate Services, perform a one-time validation of chargeable data circuits used by the City with the inventory records in the Network Inventory Management database;
- (17) the Commissioner, Corporate Services, at a minimum of once a year, request departments to validate the complete inventory of all cellular telephones. The results, listing the staff member assigned to each cellular telephone, be forwarded to the Telecommunication Services Unit to update their inventory records;
- (18) the Commissioner, Corporate Services, during the review of the Corporate Disaster Recovery Plan, give consideration to the need for the development of a contingency plan in connection with its Internet services;
- (19) the Commissioner, Corporate Services, finalize and communicate to all departments the policies, procedures and standards for telecommunication services by the end of June 2005;
- (20) the Commissioner, Corporate Services, in consultation with the Chief Financial Officer and Treasurer, ensure that budget details for all telecommunication services costs are appropriately established in the City's accounting system; and
- (21) the Commissioner, Corporate Services, report back to the November 2, 2005 Audit Committee on a detailed action plan, including details of specific staff responsibility and time frames in regard to each one of the recommendations in this report.

The Audit Committee also had before it a report (March 1, 2005) from the Commissioner, Corporate Services, respecting Telecommunication Services Review – Management Response and Work Plan, and recommending that this report be received for information.

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

- (1) adopt the staff recommendations in the Recommendations Section of the report (January 31, 2005) from the Auditor General, subject to:
 - (a) amending Recommendation (19) to include, “the codifying of the criteria for cellular telephone usage in the city”;

- (b) adding two additional recommendations (21) and (22) and renumbering the existing Recommendation (21) as (23), so that the recommendations now read:

“It is recommended that:

- (1) City Council direct that this report be forwarded to all major City Agencies, Boards and Commissions. These entities be required to review the recommendations in this report to determine whether or not they have relevance to their operations and report to the November 2005 meeting of the Audit Committee on the results of their reviews, including any action taken or proposed;
- (2) the Commissioner, Corporate Services, ensure that new contracts are properly reviewed, approved and executed prior to the termination of the previous contract;
- (3) the Commissioner, Corporate Services, evaluate whether or not there is the potential for the recovery of fees paid to the network service provider in regard to the non-performance of certain provisions in the contract. In addition, the Commissioner, Corporate Services, consider including in contracts, where appropriate, remedies for non-compliance of contract terms and conditions. Such potential remedies to include liquidated damages (penalty clauses) for non-performance;
- (4) the Commissioner, Corporate Services, ensure that all appropriate contracts contain the necessary insurance guarantee provisions, that renewals are executed as required, and documentation to be provided is received in a timely manner;
- (5) the Chief Administrative Officer, in the development of its contract management framework, develop a standard template which identifies in a summary form all relevant contract revisions such that:
 - changes from the previous contract terms are highlighted;
 - appropriate performance requirements are highlighted; and
 - prices, costs and other relevant details are identified;
- (6) the Chief Administrative Officer, in the development of its contract management framework, ensure that the responsibility for reviewing contract terms and conditions is clearly articulated. The process for determining whether or not invoices submitted by vendors are in compliance with contract provisions should also be clearly defined;

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- (7) the Commissioner, Corporate Services, in consultation with the Chief Financial Officer and Treasurer, review the accounting process to ensure that any credits for discontinued land line and data services are tracked and received. In addition, the Commissioner, Corporate Services, ensure that at least once a year, the number of telephone lines, voice mail and data circuits billed by the vendor is reconciled to the City's inventory records. Differences should be appropriately reviewed and adjustments be made where appropriate;
- (8) the Commissioner, Corporate Services, in consultation with departments, review the activation of telephone long distance calling features to ensure that such capability is only provided on a need-to-have basis and is removed from telephones located in shared or open areas. Where it is necessary to have the long distance feature activated on telephones located in shared or open areas, long distance activity for these telephones be monitored monthly;
- (9) the Commissioner, Corporate Services, in consultation with the service providers, ensure that an appropriate level of cellular telephone billing information is provided to all departments. Departments ensure that controls are in place for the recovery of non-business related calls;
- (10) the Commissioner, Corporate Services, review the invoice validation practices in relation to the provider of Internet services. Where billing amounts exceed a predetermined threshold, such differences be reviewed with the provider;
- (11) the Commissioner, Corporate Services, in consultation with departments, expedite a comprehensive review of the use of cellular telephones and pagers by all City departments. The review should include an assessment of each department's communication needs and the identification of cost saving opportunities such as the pooling of unused cell phone usage;
- (12) the Commissioner, Corporate Services, review on an ongoing basis the extent of cellular telephones where there has been no activity for a period of time and where appropriate, ensure that such telephones are deactivated. Inactive cell phones be returned to the Corporate Services Department for disposal or reassignment;
- (13) the Commissioner, Corporate Services, require that the vendor provide the City with information relating to all telephone lines that have not been used for a predetermined period of time. This information be provided to the appropriate departments for review and validation, and lines which are no longer needed should be disconnected;

- (14) the Commissioner, Corporate Services, ensure that the Network Services Unit monitor the use of data circuits on a periodic basis and data circuits identified as no longer needed should be disconnected;
- (15) the Commissioner, Corporate Services, ensure that discounts for longer-term cellular telephone subscriptions are considered when acquiring cellular telephones. In addition, procedures be implemented to ensure cellular telephone subscription rebates are identified, tracked, received and accounted for appropriately;
- (16) the Commissioner, Corporate Services, perform a one-time validation of chargeable data circuits used by the City with the inventory records in the Network Inventory Management database;
- (17) the Commissioner, Corporate Services, at a minimum of once a year, request departments to validate the complete inventory of all cellular telephones. The results, listing the staff member assigned to each cellular telephone, be forwarded to the Telecommunication Services Unit to update their inventory records;
- (18) the Commissioner, Corporate Services, during the review of the Corporate Disaster Recovery Plan, give consideration to the need for the development of a contingency plan in connection with its Internet services;
- (19) the Commissioner, Corporate Services, codify the criteria for cellular telephone usage in the City and finalize and communicate to all departments the policies, procedures and standards for telecommunication services by the end of June 2005;
- (20) the Commissioner, Corporate Services, in consultation with the Chief Financial Officer and Treasurer, ensure that budget details for all telecommunication services costs are appropriately established in the City's accounting system; and
- (21) the Chief Administrative Officer review consolidating cellular telephone usage through a comprehensive RFP;
- (22) the Chief Administrative Officer consider re-issuing the criteria for cellular telephone usage to all departments in the City; and
- (23) the Commissioner, Corporate Services, report back to the November 2, 2005 meeting of the Audit Committee on a detailed action plan, including details of specific staff responsibility and time frames in regard to each one of the recommendations in this report.”;

- (2) receive the report (March 1, 2005) from the Commissioner, Corporate Services; and

On motion by Councillor Fletcher:

- (3) request the Chief Administrative Officer to submit the communication being prepared for submission to Commissioner Bellamy, to the Administration Committee.

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee requested the Chief Administrative Officer to review the minutes of the Telecommunications Sub-Committee to determine that Committee's involvement in the transfer for the PBX telephone system in City Hall to the Centrex system, and report to the next meeting of the Audit Committee on her findings, specifically as to whether Council was informed of the problems with contract negotiations and if not, why not.

(Report 2, Clause 2)

2.3 Treasury Services Review – Corporate Finance Division, Finance Department

The Audit Committee had before it a report (March 1, 2005) from the Auditor General, respecting Treasury Services Review – Corporate Finance Division, Finance Department, and recommending that:

- (1) the Chief Administrative Officer, in the development and or acquisition of information technology systems ensure that, where appropriate, expert external resources are utilized in the development of Request for Proposal documents. Such a process should ensure that Request for Proposals are complete;
- (2) the Chief Financial Officer and Treasurer implement controls, processes and procedures necessary to ensure data integrity, and support accurate reporting to management. At a minimum, system controls be implemented to address system weaknesses outlined in this report. Improvements to controls include:
 - (a) access to the system be aligned with Treasury Services staff duties. Restrict user access and capabilities of Treasury Services staff to their respective functions;
 - (b) only authorized users be provided access to the database system for data entry;
 - (c) the editing of security settings be approved and documented with access limited to authorized users only;

- (d) a Disaster Recovery Plan specific to the Financial Investments and Debt Management System be developed and implemented;
 - (e) changes to a transaction, and the reasons for the changes should be documented and limited to authorized staff only. Wherever possible, no changes should be made to transactions that have been settled;
 - (f) the deletion of transactions should not be allowed without proper approval. When the deletion of information is required, the rationale for the deletion, should be documented and retained. A report of all deletions should be generated and reviewed by management;
 - (g) Treasury Services staff should be required to change their system password periodically;
 - (h) audit trail capabilities must be enhanced. At a minimum, an audit trail should record all changes, when they were made and by whom;
 - (i) system controls should be strengthened to provide automatic reasonableness edits;
 - (j) trades entered into the system must be in compliance with Investment Policies. Incidents of non-compliance should be automatically flagged by the system by way of a message to the user and documented in a system-generated report to be reviewed by senior management;
 - (k) hardcopy documentation of credit rating changes be retained until such time that the Financial Investments and Debt Management System can produce accurate reports for prior reporting periods;
 - (l) feasibility of importing of data be considered; and
 - (m) the Financial Investments and Debt Management System be configured for an interface with SAP to provide for more efficient and effective posting of entries and reconciliation;
- (3) the Chief Financial Officer and Treasurer ensure Investment Policies include clear guidelines, timelines and protocols for identifying, communicating and acting upon policy exceptions. The guidelines should include clear roles and responsibilities of Treasury Services staff and senior management and should outline documentation and approval requirements of any action related to the exceptions;

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- (4) the Chief Financial Officer and Treasurer ensure that a formal review process for reports be developed, documented and implemented. All available reports, with special emphasis on exception reports, be reviewed and consulted regularly to ensure City holdings are in compliance with Investment Policies. Evidence of such review be documented;
- (5) the Chief Financial Officer and Treasurer ensure:
 - (a) the development of a risk management strategy, which incorporates industry standards;
 - (b) this strategy include regular investment strategy meetings with Treasury Services staff; and
 - (c) all strategy meetings and communications in this regard are documented;
- (6) the Chief Financial Officer and Treasurer, in ensuring that trades are conducted in compliance with the Investment Policies and related legislation, determine the appropriateness of technical trading and address technical trading in the Investment Policies;
- (7) the Chief Financial Officer and Treasurer, whenever possible, separate the duties, roles and functions of Treasury Services staff according to Front, Back and Middle Office functions. Respective duties, roles and functions be clearly delineated and documented;
- (8) the Chief Financial Officer and Treasurer take the necessary steps to develop and document its cash flow forecasting methodology;
- (9) the Chief Financial Officer and Treasurer report back to the Policy and Finance Committee by June 30, 2005, on the merits of forming an oversight committee with an oversight role and advisor function to which the Treasury Services Unit would report performance. The Committee, as with the Sinking Fund Committee, should meet on a regularly scheduled periodic basis to review performance reports, and where appropriate, recommend changes to Investment Policies;
- (10) the Chief Financial Officer and Treasurer ensure accurate performance reporting. Appropriate and relevant benchmarks must be utilized in reporting performance results. In the event differences between City of Toronto holdings and the selected benchmark are present, the impact of these differences on performance results must be noted and explained as performance results are reported;
- (11) the Chief Financial Officer and Treasurer ensure that trader authority limits be established, that duties of all positions within the Treasury Services Unit

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correspond with their respective job descriptions, and that Treasury Services staff duties align with assigned signing authorities;

- (12) the Chief Financial Officer and Treasurer develop ethics policies and statements specific to the Treasury Services Unit. Policies and statements to include guidance regarding personal trading, gifts, offerings, trader ethics, and trader dealings with brokers or outside providers, as well as requirements for reporting deviations from policy to senior management. Acknowledgement Statements should be updated and signed by all Treasury Services staff on an annual basis;
- (13) the Chief Financial Officer and Treasurer, with a view to improving controls over cash and investment management:
 - (a) consider the use of taped lines, or other accepted recording processes to safeguard City interests in the event of a dispute;
 - (b) develop and implement a system to improve or replace the process of manual transposition of trade information;
 - (c) develop and implement policies and procedures to address trades for which a confirmation advice is not received;
 - (d) ensure that trades are reconciled with trade ticket information in the FIDM System upon receipt of the confirmation advice. Outstanding confirmation advices should be tracked using the FIDM System and obtained as soon as possible;
 - (e) ensure that trade tickets are adequately completed and authorized. In circumstances where staff is not available, the rationale for less than three authorizing signatures be documented and reviewed by senior Treasury Services staff; and
 - (f) establish limits on concentrations in volume and dollar amounts. Concentrations over set amounts be explained, documented and reviewed by senior Treasury Services staff;
- (14) the Chief Financial Officer and Treasurer ensure the development and documentation of a formal debenture issuance policy;
- (15) the Chief Financial Officer and Treasurer ensure that cancelled script debentures and retired inventory debentures are dead-marked or destroyed;
- (16) the Chief Financial Officer and Treasurer address and implement all outstanding audit recommendations and report on the status of implementation at the July 2005 the Audit Committee meeting; and

- (17) the Chief Financial Officer and Treasurer ensure that any changes or additions to the City's Investment Policies are reported in the annual investment report provided to City Council. All such changes or additions to the Investment Policies be specifically approved by City Council.

The Audit Committee also had before it a report (March 24, 2005) from the Chief Financial Officer and Treasurer, respecting Finance Department's Response to the Auditor General's Report "Treasury Services Review – Corporate Finance Division, Finance Department, dated March 1, 2005", and recommending that this report be considered with the Auditor General's report, dated March 1, 2005 and be received as information.

On motion by Councillor Del Grande: the Audit Committee recommended that City Council:

- (1) adopt the staff recommendations in the Recommendations Section of the report (March 1, 2005) from the Auditor General; and
- (2) receive the report (March 24, 2005) from the Chief Financial Officer and Treasurer.

(Report 2, Clause 3)

2.4 Terms of Reference – Audit Project

The Audit Committee had before it a report (March 22, 2005) from the Auditor General, respecting Terms of Reference – Audit Project, and recommending that this report be received for information.

The Audit Committee:

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, received the report (March 22, 2005) from the Auditor General and requested the Auditor General to consider including in the Terms of Reference for the Maintenance and Administrative Controls Review – Facilities and Real Estate Division, the following:

- (1) a review of performance indicators determining whether they exist in the department; are they measured on a continuous basis; and what is the reporting for performance indicators up through the management ranks; and

On motion by Councillor Fletcher:

- (2) requested the Auditor General to outline in his review a report on the scope of work involved to consider applying an environmental filter to the areas identified in the Terms of Reference in order to provide an overall environmental report on these areas.

(Report 2, Clause 7(a))

2.5 Fleet Operations Review – Phase One (Status Update #2)

The Audit Committee had before it a report (March 14, 2005) from the Commissioner, Corporate Services, respecting Fleet Operations Review – Phase One (Status Update #2..

The Audit Committee also had before it Clause 2a of the Audit Committee Report 2 titled “Fleet Operation Review – Phase One”, adopted, as amended, by City Council at its special meeting on April 15 and 16, 2004.

On motion by Councillor Del Grande, the Audit Committee received the report (March 14, 2005) from the Commissioner, Corporate Services.

(Report 2, Clause 7(b))

2.6 Fleet Operations Review - Phase One - Toronto Fire Services

The Audit Committee had before it a report (March 17, 2005) from the Acting Commissioner, Works and Emergency Services and the Fire Chief and General Manager respecting Fleet Operations Review - Phase One - Toronto Fire Services.

The Audit Committee also had before it Clause 2a of the Audit Committee Report 2 titled “Fleet Operation Review – Phase One”, adopted, as amended, by City Council at its special meeting on April 15 and 16, 2004.

On motion by Councillor Holyday, the Audit Committee received the report (March 17, 2005) from the Acting Commissioner, Works and Emergency Services and the Fire Chief and General Manager.

(Report 2, Clause 7(c))

6.7 Fleet Operations Review – Phase One – Toronto Emergency Medical Services

The Audit Committee had before it a report (March 17, 2005) from the Acting Commissioner, Works and Emergency Services and the Chief and General Manager,

Toronto Emergency Medical Services, respecting Fleet Operations Review – Phase One – Toronto Emergency Medical Services.

The Audit Committee also had before it Clause 2a of the Audit Committee Report 2 titled “Fleet Operation Review – Phase One”, adopted, as amended, by City Council at its special meeting on April 15 and 16, 2004.

On motion by Councillor Del Grande, the Audit Committee received the report (March 17, 2005) from the Acting Commissioner, Works and Emergency Services and the Chief and General Manager, Toronto Emergency Medical Services.

(Report 2, Clause 7(d))

2.8 Updated Report on Accounts Receivables Review, Parks and Recreation Operations, Economic Development, Culture and Tourism Department

The Audit Committee had before it a report (March 24, 2005) from the Commissioner, Economic Development, Culture and Tourism, respecting Accounts Receivables Review, Parks and Recreation Operations, Economic Development, Culture and Tourism Department.

On motion by Councillor Holyday, the Audit Committee received the report (March 24, 2005) from the Commissioner, Economic Development, Culture and Tourism.

(Report 2, Clause 7(e))

2.9 Relationship of the Auditor General and the Audit Committee to the City’s Agencies, Boards, Commissions and Corporations

The Audit Committee had before it a report (March 24, 2005) from the Chief Administrative Officer and the City Solicitor, respecting the Relationship of the Auditor General and the Audit Committee to the City’s Agencies, Boards, Commissions and Corporations.

On motion by Councillor Del Grande, the Audit Committee requested the Auditor General, in consultation with the Chief Administrative Officer, the Chief Financial Officer and Treasurer and the City Solicitor, to report to the Audit Committee for its meeting on November 2, 2005 on the recommended role and responsibilities of the Auditor General in relation to Enwave Energy Limited, City of Toronto Economic Development Corporation, Toronto Hydro Corporation and Toronto Community Housing Corporation and on any changes required by the recommendations.

(Report 2, Clause 7(f))

2.10 External Audit of the City of Toronto's Auditor General's Office – Request for Quotation 9171-05-7038

The Audit Committee had before it a report (March 21, 2005) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer, respecting External Audit of the City of Toronto's Auditor General's Office – Request for Quotation 9171-05-7038, and recommending that:

- (1) authority be granted to enter into a contract with Hilborn Ellis Grant LLP, the lowest bid meeting specifications, in the amount of \$5,350.00 including all charges and taxes to conduct an external audit of the City of Toronto's Auditor General's Office for the years ending December 31, 2003 and December 31, 2004; and
- (2) authority be delegated to the Chief Administrative Officer, in consultation with the Purchasing Agent, to exercise the option to renew the contract with Hilborn Ellis Grant LLP for two additional one-year terms in the amount of \$3,042.50 including all charges and taxes in 2006 and \$3,042.50 including all charges and taxes in 2007 at a total cost of \$11,435.00 for the full three year term, under the same terms and conditions, provided that the City is satisfied with the services provided, and subject to budget approval for each one-year optional period, and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

On motion by Councillor Del Grande, the Audit Committee recommended that City Council adopt the staff recommendations in the Recommendations Section of the report (March 21, 2005) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer.

(Report 2, Clause 4)

2.11 Information Security Framework – Status Update

The Audit Committee had before it a report (March 7, 2005) from the Commissioner of Corporate Services and the Chief Administrative Officer, respecting Information Security Framework – Status Update.

The Audit Committee also had before it Clause 7 of Report 3 of the Audit Committee titled "Information Security Framework", adopted by City Council at its regular meeting on April 23-27, 2001 and its special meeting on April 30, May 1-2, 2001.

On motion by Councillor Del Grande, the Audit Committee received the report (March 7, 2005) from the Commissioner of Corporate Services and the Chief Administrative Officer.

(Report 2, Clause 7(g))

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

The Audit Committee had before it a report (February 25, 2005) from the Chief Administrative Officer and the Commissioner of Corporate Services, respecting Status Update to the Auditor General's Report on Oracle Database Review – Security Controls and Other Issues.

The Audit Committee also had before it Clause 6 of Report 2 of the Audit Committee titled "Oracle Database Review – Security Controls and Other Issues", adopted by City Council at its meeting on March 1, 2 and 3, 2004.

On motion by Councillor Del Grande, the Audit Committee:

- (1) received the report (February 25, 2005) from the Chief Administrative Officer and the Commissioner of Corporate Services; and
- (2) requested the Commissioner of Corporate Services to report to the November 2, 2005 Audit Committee, with a final status update on each recommendation.

(Report 2, Clause 7(h))

2.13 Policy on Preparation of Detailed Business Cases Supporting Major Capital Programs

The Audit Committee had before it a report (March 16, 2005) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer respecting Policy on Preparation of Detailed Business Cases Supporting Major Capital Programs, responding to the directive from the Audit Committee and City Council that the Chief Administrative Officer amend the policy relating to the preparation of detailed business cases supporting major capital programs; in particular, the identification and accounting for internal staff costs, and recommending that this report be received for information.

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee deferred the report (March 16, 2005) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer to its July 12, 2005 meeting and requested

the Chief Administrative Officer and the Chief Financial Officer and Treasurer to submit a further report to that meeting on the accounting of capital projects.

(Report 2, Clause 7(i))

2.14 Update on Issues Raised in Auditor Management Letters

The Audit Committee had before it a report (March 17, 2005) from the Chief Financial Officer and Treasurer, respecting Update on Issues Raised in Auditor Management Letters, and presenting an update on the progress made on the workplan to address outstanding issues raised in the Management Letters issued by Ernst & Young on Audit Results since 2000.

On motion by Councillor Holyday, the Audit Committee submitted the report (March 17, 2005) from the Chief Financial Officer and Treasurer to City Council for its information.

(Report 2, Clause 5)

2.15 Community Centres and Arenas – 2003 Audited Financial Statements and Management Letters

The Audit Committee had before it a report (March 23, 2005) from the Auditor General, respecting Community Centres and Arenas – 2003 Audited Financial Statements and Management Letters.

The Audit Committee also had before it Revised Page 6: Re – George Bell Arena.

On motion by Councillor Del Grande, the Audit Committee recommended that City Council receive the 2003 Financial Statements and related Management Letters for the following Community Centre and Arenas attached to the report (March 23, 2005) from the Auditor General, and submitted under separate cover:

Swansea Town Hall Community Centre
McCormick Playground Arena
Moss Park Arena
George Bell Arena

(Report 2, Clause 6)

2.16 Status of 2004 Community Centre Audited Financial Statements

The Audit Committee had before it a report (March 18, 2005) from the Commissioner of Community and Neighbourhood Services, respecting Status of 2004 Community Centre Audited Financial Statements, and advising the Audit Committee of the timing of the 2004 audited financial statements for 10 community centres.

On motion by Councillor Holyday, the Audit Committee received the report (March 18, 2005) from the Commissioner of Community and Neighbourhood Services

(Report 2, Clause 7(j))

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

The Audit Committee had before it 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 7 of the Audit Committee, titled “Toronto Hydro Corporation – 2003 THC Audit Observations and Recommendations (Management Letter)”, back to the Audit Committee for further consideration.

On motion by Councillor Holyday, the Audit Committee adjourned its public session to meet in camera, in accordance with the *Municipal Act, 2001*, to consider matters relating to the security of the property of the municipality or local board.

On motion by Councillor Fletcher, the Audit Committee:

- (1) deferred consideration of the confidential communication (December 7, 2004) from the City Clerk and attached material, to its November 2, 2005 meeting for consideration with the report requested from the Auditor General, in conjunction with the Chief Administrative Officer, the Chief Financial Officer and Treasurer and the City Solicitor relating to the Relationship of the Audit General and the Audit Committee to the City’s Agencies, Boards, Commissions and Corporations; and
- (2) requested the Chief Financial Officer and Treasurer to also submit to the November 2, 2005 Audit Committee meeting, the 2004 Financial Statements and Management Letter for Toronto Hydro Corporation.

(Report 2, Clause 7(k))

2.18 Potential Claim Against Beacon Software Systems, LLC and Remarkable Software, Inc.

The Audit Committee had before it a confidential report (March 23, 2005) from the City Solicitor respecting Potential Claim Against Beacon Software Systems, LLC and Remarkable Software, Inc.

On motion by Councillor Holyday, the Audit Committee adjourned its public session to meet in camera, in accordance with the *Municipal Act, 2001*, to consider matters relating to litigation or potential litigation.

The Audit Committee:

On motion by Councillor Del Grande:

- (1) deferred consideration of the confidential report (March 23, 2005) from the City Solicitor to its meeting on July 12, 2005; and

On motion by Councillor Fletcher:

- (2) issued confidential instructions to the City Solicitor.

(Letter sent to: City Solicitor; c. Administrator, Audit Committee; Auditor General – April 8, 2005)

(Report 2, Clause 7(1))

The Audit Committee adjourned its meeting at 3:40 p.m.

Chair

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Attendance

April 5, 2005	9:37 a.m. – 12:30 p.m.	2:00 p.m. – 3:15 p.m.	3:15 p.m. – 3:40 p.m. IN CAMERA
Councillor Balkissoon (Chair)	x	x	x
Councillor Holyday (Vice-Chair)	x	x	x
Councillor Del Grande	x	x	x
Councillor Fletcher	x	x	x
Councillor Giambrone	x	x	x
Councillor Stintz	x	x	x
Mayor Miller			

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