

# THE CITY OF TORONTO

## Clerk's Department

### Minutes of the Audit Committee

#### Meeting 4

November 2, 2005

The Audit Committee met on Monday, November 2, 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 Pitfield, Minutes of the July 12, 2005 meeting were confirmed.

#### **4.1 Auditor General's Office - 2006 Budget**

The Audit Committee had before it a report (October 19, 2005) from the Auditor General respecting the Auditor General's Office - 2006 Budget and recommending that the attached 2006 budget for the Auditor General's Office be approved and forwarded to the Budget Advisory Committee.

The Audit Committee also had before it a Paper copy of PowerPoint presentation given by Jeff Griffiths, Auditor General.

On motion by Councillor Del Grande, the Audit Committee recommended that the 2006 Budget for the Auditor General's Office, attached to the report (October 19, 2005) from the Auditor General, be amended by increasing the program level of staff as considered appropriate by the Auditor General.

On motion by Councillor Pitfield, the Audit Committee approved the 2006 Budget accordingly, and requested that it be submitted to the Budget Advisory Committee for consideration.

On motion by Councillor Fletcher, the Audit Committee requested the Auditor General, when hiring the additional persons in his division, to give consideration to building the complement of environmental expertise in his Office.

The following motion placed by Councillor Del Grande, was voted on and lost:

“It is recommended that the City Manager be requested to examine a process whereby a percentage of the savings achieved by the Auditor General through recommendations and

findings of audits, be provided to the Auditor General's office as part of the operating budget, and report to the Audit Committee on the outcome of this review."

(Letter sent to: Budget Advisory Committee; c.: Auditor General - November 4, 2005)

**(Report 4, Other Items Clause 8(a))**

**4.2 Maintenance and Administrative Controls Review - Facilities and Real Estate**

The Audit Committee had before it a report (September 16, 2005) from the Auditor General respecting Maintenance and Administrative Controls Review - Facilities and Real Estate, and recommending that:

- (1) the following recommendations in the attached Auditor General's report entitled "Maintenance and Administrative Controls Review – Facilities and Real Estate " be adopted:

“(1) The City Manager review the current Corporate governance structure of Facilities and Real Estate and building maintenance service arrangements and determine the extent of resources allocated to building maintenance functions in all City divisions, with a view to:

- (a) evaluating the feasibility of centralizing ownership, control and accountability of City buildings and integrating all building maintenance operations and related funding within the Facilities and Real Estate Division; and
- (b) reporting to the Policy and Finance Committee by July 2006. Such report to include the following:
  - (i) proposed organizational structure to integrate all building maintenance services;
  - (ii) costs and benefits of such change;
  - (iii) roles and responsibilities of the Facilities and Real Estate Division and all City-user divisions;
  - (iv) impact on the operating and capital budgets of the Facilities and Real Estate Division and all other City divisions;
  - (v) recommended action, including specific timelines for implementation; and

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- (vi) direct consultation with City divisions.
- (2) the Deputy City Manager and Chief Financial Officer ensure priorities are established on a City-wide basis for the capital repair of City-owned buildings. All divisional capital repair budgets should be evaluated and priorities established irrespective of budget responsibilities;
- (3) the City Manager establish a Corporate-wide policy providing that the Facilities and Real Estate Division maintain facilities maintenance standards relating to City-owned buildings, excluding certain speciality facilities, and authorize the Facilities and Real Estate Division to maintain a Corporate governance role in monitoring compliance with legislative requirements;
- (4) the Deputy City Manager and Chief Financial Officer give priority to the completion of an implementation plan for facilities maintenance standards including:
  - (a) a process to monitor compliance with legislative requirements;
  - (b) funding, staffing and operational requirements of the Facilities and Real Estate Division and all other City divisions;
  - (c) the development of specific facilities maintenance standards, if necessary, for speciality facilities such as water treatment plants and arenas; and
  - (d) timelines for implementation;
- (5) the City Manager review the practice of establishing multiple building maintenance contracts for the same service and, wherever cost and/or service advantages are identified, the Executive Director of the Facilities and Real Estate Division to establish a standard specification and City-wide contract;
- (6) the City Manager ensure that all City divisions participate in the Electrical Safety Authority and the Technical Standards and Safety Authority contracts to ensure compliance with legislation and reduce cost and administration time;
- (7) the Deputy City Manager and Chief Financial Officer ensure the inventory of City-owned buildings and service provider information is complete and accurate and all City-owned buildings are assigned a building landlord;
- (8) the Deputy City Manager and Chief Financial Officer ensure that:

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- (a) the responsibility for making economically sound repair decisions be clearly articulated and communicated to appropriate City maintenance staff; and
  - (b) repair decisions consider acquisition cost and history of repairs.
- (9) the Deputy City Manager and Chief Financial Officer take necessary steps to ensure that:
- (a) each City building has a separate cost centre in the SAP Financial Information System and building revenue and expenditures are charged to individual building cost centres;
  - (b) building maintenance and cleaning expenditures are classified on the same basis in the SAP Financial Information System; and
  - (c) total maintenance and cleaning costs are determined for individual City buildings, City divisions and the City as a whole;
- (10) the Deputy City Manager and Chief Financial Officer require that the Facilities and Real Estate Division provide other City divisions with written itemized cost estimates for maintenance over certain dollar amounts to assist City divisions in making repair decisions and monitoring program costs;
- (11) the Deputy City Manager and Chief Financial Officer ensure that the facility operations staff in the Facilities and Real Estate Division and other City divisions who manage City buildings:
- (a) monitor maintenance expenditure budget variances and review the appropriateness and reasonableness of work order costs; and
  - (b) ensure supervisory staff investigate significant variances and take appropriate corrective action;
- (12) the Deputy City Manager and Chief Financial Officer take appropriate steps to:
- (a) develop and implement results based performance indicators measuring the productivity of building maintenance and cleaning services;
  - (b) use performance indicators to compare internally between building locations and previous performance or externally with other leading local government and private sector organizations;

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- (c) incorporate performance measures into service level agreements with City-user divisions; and
  - (d) implement a process to track service delivery against agreed upon benchmarks.
- (13) the Deputy City Manager and Chief Financial Officer take appropriate steps to:
- (a) determine the complete state of good repair backlog for all City-owned buildings;
  - (b) develop City-wide funding priorities for the state of good repair backlog; and
  - (c) ensure that approved capital projects are completed on a timely basis;
- (14) the Deputy City Manager and Chief Financial Officer ensure that a database of the physical condition of all City-owned buildings is developed and forms the basis for a long-term capital plan. In addition, building condition assessments should be completed for all City-owned buildings using criteria based on industry standards and best practices developed by the Facilities and Real Estate Division;
- (15) the Deputy City Manager and Chief Financial Officer review:
- (a) the feasibility of implementing a numeric ranking system to establish priorities on a City-wide basis for funding capital repairs to City-owned buildings; and
  - (b) the results of an evaluation of industry best practices and current prioritization processes followed by the Facilities and Real Estate and the Parks, Forestry and Recreation Divisions;
- (16) the Deputy City Manager and Chief Financial Officer take appropriate steps to establish a maintenance plan for each City building that:
- (a) includes both capital and operating repairs for current and future years;
  - (b) addresses building deficiencies identified in building condition assessments; and

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- (c) effectively coordinates maintenance and repair activities between the Design, Construction and Asset Preservation and Facilities Operations Units of the Facilities and Real Estate Division.
- (17) the Deputy City Manager and Chief Financial Officer ensure that all necessary building information is incorporated into the SAP Plant Maintenance and Asset Management Modules to assist in maintenance planning and repair decisions and provide a record of regulatory inspections;
  - (18) the Deputy City Manager and Chief Financial Officer develop written policies and procedures for building maintenance and cleaning operations;
  - (19) the Deputy City Manager and Chief Financial Officer conduct a review to determine the most cost-effective mix and number of in-house, trade and contracted staff required to deliver building maintenance services at minimum cost to the City;
  - (20) the Deputy City Manager and Chief Financial Officer finalize all service level agreements relating to building maintenance and cleaning services by June 30, 2006 ensuring that service level agreements:
    - (a) clarify the interdepartmental charge back process; and
    - (b) address specific client service requirements, wherever feasible;
  - (21) the Deputy City Manager and Chief Financial Officer take necessary steps to ensure that interdepartmental charges in the Facilities and Real Estate Division:
    - (a) provide detailed supporting documentation and timely and accurate billing;
    - (b) include the requirement that City divisions, as well as the Facilities and Real Estate Division staff, review the accuracy and reasonableness of maintenance and cleaning costs;
    - (c) ensure that interdepartmental charge write-offs are properly authorized in writing by appropriate City Officials and/or Council in accordance with the City policy;
  - (22) the Deputy City Manager and Chief Financial Officer expedite the preparation of the required report relating to interdepartmental charges;

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- (23) the Deputy City Manager and Chief Financial Officer take steps to ensure staff responsible for authorizing or processing invoice payments are aware of their responsibilities including:
- (a) review of invoices and supporting documentation; and
  - (b) the need to review contract terms and evaluate the appropriateness of charges, as well as validating the accuracy of goods and services received.

In this regard, a Financial Policy and Procedures Manual should be developed for use by supervisory staff approving and processing invoice payments;

- (24) the Deputy City Manager and Chief Financial Officer take appropriate steps to ensure payments are in compliance with Corporate purchasing policies. In particular:
- (a) discontinue the practice of using Departmental Purchase Orders where the use of a blanket purchase order would be more appropriate;
  - (b) ensure that Departmental Purchase Orders are prepared prior to ordering goods and services;
  - (c) discontinue the practice of splitting Departmental Purchase Orders to keep the purchase amount below the maximum level of \$7,500 or below the \$3,000 limit for three quotes;
  - (d) prohibit the use of Contract Release Orders where goods and services ordered are not included in contract specifications;
  - (e) ensure three quotes are obtained for purchases over \$3,000; and
  - (f) monitor contract overspending and ensure necessary approvals and contract amendments are obtained in accordance with the City's Financial Control By-law;
- (25) the City Manager take necessary steps to develop a City-wide formal process to evaluate contractor performance by June 30, 2006, which includes:
- (a) clear criteria to measure performance;
  - (b) standard form(s), procedures and guidelines;

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- (c) requirements for at least an annual performance evaluation for each City contract in excess of a predetermined dollar value; and
  - (d) appropriate training in contract performance evaluation be provided to all City staff managing contracts;
- (26) the City Manager establish formal procedures to monitor the performance of maintenance contractors to ensure work is delivered as required under contract. At a minimum, regular inspections of work should be performed, documented and performance problems followed up promptly with contractors;
- (27) the City Manager ensure that City contracts contain:
- (a) a detailed description of goods and services to be delivered, pricing and payment procedures;
  - (b) key performance criteria such as response time, quality and reliability measures; and
  - (c) provisions related to evaluating contractor performance, including procedures for resolving issues related to unsatisfactory performance;
- (28) the Deputy City Manager and Chief Financial Officer ensure the SAP Plant Maintenance Module be used to schedule and track preventive maintenance services;
- (29) the Deputy City Manager and Chief Financial Officer take appropriate steps to improve the use of the work order system by:
- (a) ensuring only one work order is created for each work request;
  - (b) including in each work order a brief description of the type of work performed by internal and contracted services staff; and
  - (c) identifying standard management reports that should be generated from the SAP Plant Maintenance System, including the purpose and frequency of such reports and the staff responsible for their review and appropriate follow-up action;
- (30) the Deputy City Manager and Chief Financial Officer take steps to implement the interface of the SAP Plant Maintenance Module with the SAP Financial Information and Human Resources/Payroll System to eliminate duplicate input processing and to ensure the accuracy and



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completeness of maintenance expenditure and payroll information in the work order system;

(31) the Deputy City Manager and Chief Financial Officer take appropriate steps to ensure an up-to-date detailed inventory listing of tools and equipment over a specified amount is maintained at each City-operated district, providing that:

(a) such listing include purchase price and details of purchase (i.e., date, supplier, invoice number); and

(b) a surprise physical inventory count of shop tools and equipment be conducted periodically, discrepancies investigated and adjustments made to records only after review and approval by an authorized official; and

(32) City Council direct that this report be forwarded to those City organizations separately managing building maintenance and cleaning operations, in order to ensure that issues raised are addressed where appropriate. These organizations be required to report back to the Audit Committee by July 2006 in connection with the results of their review.”

(2) the Deputy City Manager be requested to report to the Audit Committee by July 2006 on the implementation of the recommendations in the Auditor General's report entitled “Maintenance and Administrative Controls Review – Facilities and Real Estate”; and

(3) this report be forwarded to the Administration Committee for information.

The Audit Committee also had before it a Paper copy of PowerPoint presentation given by Alan Ash, Director, Auditor General's Office, and Carolyn Baird, Senior Audit Manager, Auditor General's Officer

The Audit Committee also had before it a report (October 18, 2005) from the Chief Corporate Officer responding to the Auditor General's report and recommending that this report be received for information.

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

(1) adopt the staff recommendations in the Recommendations Section of the report (September 16, 2005) from the Auditor General subject to amending Recommendation (2) by requesting the City Manager to also provide an interim response to the February 22, 2006 Audit Committee meeting, so as to read:

“(2) the Deputy City Manager be requested to report to the Audit Committee by July 2006 on the progress of the implementation of the recommendations in the Auditor General's report entitled “Maintenance and Administrative Controls Review – Facilities and Real Estate”, and provide an interim response to the February 22, 2006 Audit Committee meeting; and”;

(2) receive the report (October 18, 2005) from the Chief Corporate Officer.

**(Report 4, Clause 1)**

**4.3 Recovery of Social Assistance Overpayments, Toronto Social Services**

The Audit Committee had before it a report (June 2, 2005) from the Auditor General respecting the Recovery of Social Assistance Overpayments, Toronto Social Services, and recommending that:

(1) the following recommendations in the attached Auditor General's report entitled “Recovery of Social Assistance Overpayments, Toronto Social Services” be adopted:

“(1) The General Manager, Toronto Social Services, review and develop appropriate performance measures and targets in relation to program costs and recoveries. Such performance measures be used to evaluate the financial results and performance of the Inactive Overpayment Unit and determine an appropriate allocation of resources to the Unit;

(2) the General Manager, Toronto Social Services, establish appropriate controls over the custody retention, and location of all inactive case files where overpayments have been identified. All such files be appropriately tracked and accounted for;

(3) the General Manager, Toronto Social Services, establish appropriate performance measures in relation to collection follow-up procedures for all overpayments relating to Ontario Works clients. Such performance measures be subject to supervisory review and appropriate management action. The ongoing monitoring of collection activities be reviewed and evidence of such review be contained in all files;

(4) the General Manager, Toronto Social Services, establish criteria to identify high priority cases where overpayments exist. Priority be established on accounts in excess of a predetermined threshold. Collection efforts be focussed on those high priority cases.

- (5) the General Manager, Toronto Social Services, evaluate the use of collection agencies in recovering outstanding overpayments on certain predetermined inactive cases. Specific criteria for determining overpayment accounts to be referred to collection agencies be established along with adequate policies and procedures for monitoring such cases;
- (6) the General Manager, Toronto Social Services, take steps to ensure case management staff and related supervisors review all files relating to overpayments in order to ensure that compliance with policies and procedures and to ensure the accuracy and timeliness of recovery efforts;
- (7) the General Manager, Toronto Social Services, evaluate the reporting capabilities of the current management information systems in order to ensure that the needs of the Inactive Overpayments Unit are addressed. The functionality of such a system should include:
  - automated receipt issuance when a recovery is processed;
  - automated consolidation of daily funds received and processed;
  - outstanding overpayment account balance information;
  - standardized collection letters;
  - automated bring forwards;
  - tracking of post-dated repayment cheques;
  - automated priority ranking of accounts; and
  - performance reports indicating key financial ratios such as overpayment recoveries compared to outstanding overpayments.
- (8) the General Manager, Toronto Social Services, request the Province to review the feasibility of centrally coordinating the development of information management systems pertaining to the accounting and administration of the recovery of all social assistance overpayments;
- (9) the General Manager, Toronto Social Services, take steps to ensure that funds are forwarded to the Revenue Accounting Unit at the end of each business day for immediate deposit;
- (10) the General Manager, Toronto Social Services, take appropriate steps to ensure:
  - overpayment recovery deferrals receive supervisory review and authorization;
  - policies and procedures are developed with criteria to guide staff in deferring recovery; and

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- management reports are developed and reviewed to ensure cases where recovery is deferred are correctly classified;
- (11) the General Manager, Toronto Social Services, ensure that the accounting for the recovery of overpayments and reimbursements relating to other programs is accurate. Reconciliation between the City's SAP financial system and the Province's Management Information System be conducted on a monthly basis and where appropriate, corrections be made on a timely basis. All such reconciliation be subject to supervisory review;
- (12) the General Manager, Toronto Social Services, establish reporting requirements for social assistance overpayments and recoveries. At a minimum, reports should include the following information for active and inactive cases administered by Toronto:
- annual overpayments issued;
  - annual automated and repayment recoveries collected;
  - a summary of the cumulative year-end balance of overpayments, recoveries and outstanding overpayments to be recovered; and
  - performance indicators measuring overpayments created and the effectiveness and efficiency of recovery activities.
- These reports should be submitted annually to Senior Management and the Community Services Committee;
- (13) the General Manager, Toronto Social Services, review and measure the impact created by the implementation of full portability of overpayments on the administration of social assistance and report the current and projected operational impact to the Community Services Committee and the Ministry of Community and Social Services; and
- (14) the General Manager, Toronto Social Services, expand its current performance management process to include performance measures related to overpayments for both active and inactive overpayments and recoveries."
- (2) the Deputy City Manager be requested to respond to the Audit Committee by July 2006 regarding the actions taken to address the recommendations made by the Auditor General in the report entitled "Recovery of Social Assistance Overpayments – Toronto Social Services;" and
- (3) this report be forwarded to the Community Services Committee for information.

The Audit Committee also had before it a Paper copy of PowerPoint presentation given by Alan Ash, Director, Auditor General's Office and Bruna Corbesi, Senior Audit Manager, Auditor General's Office.

The Audit Committee also had before it a report (October 24, 2005) from the General Manager, Social Services Division providing a management response and associated workplan to the Auditor General's report and recommending that this report be received for information.

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

- (1) adopt the staff recommendations in the Recommendations Section of the report (June 2, 2005) from the Auditor General subject to amending Recommendation (2) by requesting that the Deputy City Manager also provide an interim response to the February 22, 2006 meeting of the Audit Committee, so as to read:
  - “(2) the Deputy City Manager be requested to respond to the Audit Committee by July 2006, and provide an interim report to the February 22, 2006 Audit Committee meeting, regarding the actions taken to address the recommendations made by the Auditor General in the report entitled “Recovery of Social Assistance Overpayments – Toronto Social Services; and”;
- (2) request the Province of Ontario to assume the entire cost of the Ontario Works program;
- (3) direct the General Manager, Toronto Social Services to request the Province of Ontario to improve or replace the Provincial Service Delivery Model Technology (SDMT) to effectively manage the recovery of inactive overpayments; and
- (4) receive the report (October 24, 2005) from the General Manager, Social Services Division.

**(Report 3, Clause 2)**

**4.4 Let's Build Program – 3810 Bathurst Street and 1555 Jane Street**

The Audit Committee had before it a report (October 21, 2005) from the Auditor General respecting the Let's Build Program – 3810 Bathurst Street and 1555 Jane Street, and recommending that:

- (1) the following recommendations in the attached Auditor General's report entitled “Let's Build Program – 3810 Bathurst Street and 1555 Jane Street” be adopted:

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- “(1) The Deputy City Manager responsible for the Affordable Housing Office, ensure that the evaluation process for projects selected by the Office take into consideration the impact of any existing planning approvals, including Section 37 agreements;
  - (2) the Deputy City Manager responsible for the Affordable Housing Office, ensure that all issues or concerns raised through the evaluation of affordable housing proposals be appropriately addressed by City staff and that the results of any further analysis or action taken be fully documented as evidence that concerns have been satisfactorily resolved;
  - (3) the Deputy City Manager responsible for the Affordable Housing Office, ensure that detailed net present value cost/budget calculations are included as a part of the Business Plan and Cost Effectiveness component of the evaluation criteria of all projects selected by the Affordable Housing Office;
  - (4) the City Solicitor in consultation with the Chief Planner and Executive Director, City Planning Division, report to the first Planning and Transportation Committee meeting in 2006, on any potential concerns associated with the City, in regard to negotiation of Section 37 agreements, preparing general guidelines in relation to the quantification of development height and density increases and community benefits. Such report to include a recommendation as to whether the City should proceed with the formal quantification of these benefits;
  - (5) the Deputy City Manager responsible for the Affordable Housing Office, be required to prepare appropriate net present value calculations of the benefits accruing to the City for each proposed housing project. Such information be provided to City Council prior to such projects being approved; and
  - (6) The Deputy City Manager responsible for the Affordable Housing Office, ensure that all funding decisions including benefits under Section 37 agreements and the Affordable Housing Office are appropriately coordinated.”; and
- (2) the Deputy City Manager be requested to report to the Audit Committee by February 22, 2006 on the implementation of the recommendations in the Auditor General's report entitled “Let’s Build Program – 3810 Bathurst Street and 1555 Jane Street”.

The Audit Committee also had before it a paper copy of PowerPoint Presentation given by Jerry Shaubel, Director, Auditor General’s Office and Pierre Sauvegeot, Audit Manager, Auditor General’s Office.

The Audit Committee also had before it the following communications:

- Communication (October 28, 2005) from General Manager, Shelter, Support and Housing Administration Division, forwarding Management Response to the Auditor General's Review of Let's Build Program; and
- Communication (November 2, 2005) from Mike O'Gorman.

Mike O'Gorman appeared before the Audit Committee.

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

- (1) adopt the staff recommendations in the Recommendations Section of the report (October 21, 2005) from the Auditor General (on motion by Councillor Fletcher) subject to clarifying whether there are any inaccuracies in the Auditor General's attached report (September 30, 2005) respecting the affordable housing project at 1555 Jane Street as it relates to the OMB directed for-profit daycare facility, and the execution and registration of the Section 37 agreement; and
- (2) receive the report (October 28, 2005) from the General Manager, Shelter, Support and Housing, Administration Division.

On motion by Councillor Fletcher, the Audit Committee:

- (1) referred the following three motions to the Chief Planner and Executive Director, City Planning with a request that he report on these directly to City Council on December 5, 2005:
  - “(a) That City Council acknowledge, as a matter of protocol, that Members of Council are normally involved and consulted in the negotiation of Section 37 agreements;
  - (b) that City Council acknowledge that a Member of Council should not be required to expend personal funds to ensure that benefits, negotiated on behalf of the community and the City with the developer, are secured through an enforceable agreement under Section 37 provided the negotiated benefits are consistent with the City's Official Plan;
  - (c) that the Chief Planner and Executive Director, City Planning determine why, when a planning application such as the affordable housing proposal at 1555 Jane Street is before Council for further consideration, there is a need for a Committee of Adjustment application when Council is capable of dealing with any variance, minor or major.”;

- (2) requested the Chief Planner & Executive Director, City Planning to prepare a briefing note on the issue of the for-profit daycare facility at the affordable housing project at 1555 Jane Street; and
- (3) forwarded the written submission filed by Mike O’Gorman at the Audit Committee meeting on November 2, 2005, to the Deputy City Manager for information.

**(Report 4, Clause 3)**

**4.5 Community Centres and Arenas - 2004 Financial Statements**

The Audit Committee had before it a report (October 14, 2005) from the Auditor General presenting the 2004 Audited Financial Statements of North Toronto Memorial Arena and Forest Hill Memorial Arena and providing the Audit Committee with a status report on those financial statements of Arenas not yet completed, and recommending that this report be received for information.

On motion by Councillor Pitfield, the Audit Committee:

- (1) deferred consideration of the report (October 14, 2005) from the Auditor General, to its next meeting on February 22, 2006; and
- (2) requested the Deputy City Manager and Chief Financial Officer and Treasurer to contact the three Arena Boards that have not submitted their Financial Statements and request that they be submitted in time for consideration at the February 22, 2006 Audit Committee meeting.

(Letter sent to: Deputy City Manager and Chief Financial Officer and Treasurer; c.: Auditor General, Director, Corporate Finance, Treasurer - November 4, 2005)

**(Report 4, Other Items Clause 8(b))**

**4.6 Terms of Reference - Audit Project**

The Audit Committee had before it a report (October 18, 2005) from the Auditor General with the terms of reference for the review of Tax Billing, Appeals and Assessments – Revenue Services Division, included in the 2005 Audit Work Plan and recommending that this report be received for information.

On motion by Councillor Pitfield, the Audit Committee received the report (October 18, 2005) from the Auditor General.



**(Report 4, Other Items Clause 8(c))**

**4.7 2004 Audited Financial Statements of Business Improvement Areas**

The Audit Committee had before it a report (October 20, 2005) from Joseph P. Pennachetti, Deputy City Manager and Chief Financial Officer and Sue Corke, Deputy City Manager respecting 2004 Audited Financial Statements of Business Improvement Areas and recommending the 2004 audited financial statements and related management letters appended to this report for Business Improvement Areas operated by Boards of Management be received.

(The Financial Statements attached to the report are distributed to Members of the Committee only.)

On motion by Councillor Holyday, with Councillor Del Grande in the Chair, the Audit Committee recommended that City Council receive the 2004 Audited Financial Statements for the following Business Improvement Areas, attached to the report (October 20, 2005) from the Deputy Chief Manager and Chief Financial Officer, and the Deputy City Manager submitted under separate cover:

Bloor Annex	St. Clair West
Church – Wellesley	Upper Village Toronto
Greektown on the Danforth	Village of Islington
Hillcrest Village	Weston
Knob Hill Plaza	York-Eglinton
Long Branch	Pape Village
Rosedale Summerhill*	

**(Report 4, Clause 4)**

**4.8 City of Toronto Audit Planning – Year Ended December 31, 2005**

The Audit Committee had before it a report (October 6, 2005) from Diana M. Bouwer/Kathi E. Lavoie, Ernst & Young, Chartered Accountants respecting City of Toronto Audit Planning – Year Ended December 31, 2005.

On motion by Councillor Fletcher, the Audit Committee recommended that City Council receive the report (October 6, 2005) from Ernst & Young and the attached 2005 Audit Plan submitted under separate cover.

**(Report 6, Clause 5)**

**4.9 Fleet Operational Review for Divisions of Former Works and Emergency Services – Emergency Medical Services, Fire Services, Solid Waste Management Services, Support Services, Technical Services, Transportation Services, Toronto Water**

The Audit Committee had before it a report (October 5, 2005) from Fareed M. Amin, Deputy City Manager respecting Fleet Operational Review for Divisions of Former Works and Emergency Services – Emergency Medical Services, Fire Services, Solid Waste Management Services, Support Services, Technical Services, Transportation Services, Toronto Water, and recommending that:

- (1) Emergency Medical Services, Fire Services, Solid Waste Management Services, Toronto Water & Transportation Services continue the practice of taking vehicles home within the guidelines of the Vehicle Take Home Policy;
- (2) Emergency Medical Services, Fire Services, Solid Waste Management Services, Toronto Water & Transportation Services continue the use of private fuel credit cards, to meet provincially mandated requirements and operational needs in coordination with Fleet Services; and
- (3) Emergency Medical Services, Fire Services, Solid Waste Management Services and Toronto Water continue repairs of City vehicles using private repair shops, where it is cost effective and subject to further review and implementation of recommendation coming from phase two of the Auditor General’s review of Fleet operations.

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

On motion by Councillor Pitfield, the Audit Committee received the report (October 5, 2005) from Fareed M. Amin, Deputy City Manager and requested that it be submitted to the Administration Committee for consideration.

(Letter sent to: Administration Committee; c.: Director, Corporate Finance, Treasurer - November 4, 2005)

**(Report 4, Other Items Clause 8(d))**

**4.10 Fleet Operations Review – Phase Two, Status Update (All Wards)**

The Audit Committee had before it a report (October 11, 2005) from the Chief Corporate Officer respecting Fleet Operations Review – Phase Two, Status Update (All Wards) and recommending that this report be received for information.

The Audit Committee also had before it Clause 1 of Audit Committee Report 3 titled "Fleet Operation Review - Phase Two", adopted by City Council on July 19, 20, 21 and 26, 2005.

On motion by Councillor Pitfield, the Audit Committee received the report (October 11, 2005) from the Chief Corporate Officer.

**(Report 4, Other Items Clause 8(e))**

**4.11 Corporate Finance's Progress Report and Update to the Auditor General's Report, "Treasury Services Review – Corporate Finance Division, Finance Department, dated March 1, 2005"**

The Audit Committee had before it a report (October 24, 2005) from the Deputy City Manager and Chief Financial Officer addressing the issues raised and the recommendations contained in the Auditor General's Report "Treasury Services Review – Corporate Finance Division, Finance Department, dated March 1, 2005" and recommending that this report be received for information.

The Audit Committee also had before it Clause 3 of Audit Committee Report 2 titled "Treasury Services Review - Corporate Finance Division, Finance Department" which was adopted by City Council on April 12, 13 and 14, 2005.

On motion by Councillor Del Grande, the Audit Committee received the report (October 24, 2005) from the Deputy City Manager and the Chief Financial Officer and Treasurer for information.

**(Report 4, Other Items Clause 8(f))**

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

The Audit Committee had before it a report (October 20, 2005) from the General Manager, Transportation Services and the Chief Corporate Officer responding to the request of the Audit Committee for a progress report, with recommendations and timelines for implementation of the recommendations, of the report dated March 30, 2004 from the Auditor General, and recommending that this report be received for information.

The Audit Committee also had before it a Clause 3 of Report 3 of the Audit Committee, titled "Toronto Maintenance Management System Application Review", which was adopted by City Council on May 18, 19 and 20, 2004.

On motion by Councillor Del Grande, the Audit Committee received the report (October 20, 2005) from the General Manager, Transportation Services and the Chief Corporate Officer.

**(Report 4, Other Items Clause 8(g))**

**4.13 Telecommunications Services Review – Management Response and Work Plan - Status Update**

The Audit Committee had before it a report (October 4, 2005) from the Chief Corporate Officer reporting on the management response and associated work plan resulting from the Auditor General's review and recommending that this report be received for information.

The Audit Committee also had before it a report (October 19, 2005) from the City Clerk advising the Audit Committee on the responses by ABCs to City Council's request regarding the Telecommunications Services Review and recommending that this report be received for information.

The Audit Committee also had before it Clause 2 of Report 2 of the Audit Committee, headed "Telecommunications Services Review" which was adopted by City Council at its meeting on April 12, 13 and 14, 2005.

On motion by Councillor Del Grande, the Audit Committee:

- (1) received the following reports:
  - (a) (October 4, 2005) from the Chief Corporate Officer;
  - (b) (October 19, 2005) from the City Clerk; and
- (2) requested the Chair of the Audit Committee to request the Agencies, Boards and Commissions that have not responded to City Council's direction taken on April 13, 14 and 15, 2005, to respond in time for the February 22, 2006 Audit Committee meeting.

**(Report 4, Other Items Clause 8(h))**

**4.14 Responses to Auditor General's Payroll Processing Review – Status Report**

The Audit Committee had before it a communication (September 28, 2005) from Janette McDonald, Manager, Personnel Relations and Recruitment, Toronto Centre for

the Arts attaching the Toronto Centre for the Arts Payroll Processing Policy and Procedures.

The Audit Committee also had before it a communication (September 9, 2005) from Dianne Young, General Manager and CEO, Exhibition Place and recommending that the City of Toronto Audit Committee and City Council receive for information the Exhibition Place responses with respect to Payroll Processing Review.

The Audit Committee also had before it a report (October 19, 2005) from the City Clerk advising the Audit Committee on the responses by ABCs to City Council's request regarding the Payroll Processing Review, and recommending that this report be received for information.

The Audit Committee also had before it a Clause 5 Report 6 of the Audit Committee, headed "Payroll Processing Review (Phase One)", adopted by City Council at its meeting on November 30, December 1 and 2, 2004.

On motion by Councillor Pitfield, the Audit Committee:

- (1) received the following:
  - (a) communication (September 28, 2005) from Toronto Centre for the Arts;
  - (b) communication (September 9, 2005) from Exhibition Place;
  - (c) report (October 19, 2005) from the City Clerk; and
- (2) requested the Chair of the Audit Committee to request the Agencies, Boards and Commissions that have not responded to City's Council direction taken on November 30, December 1 and 2, 2004, to respond in time for the February 22, 2006 Audit Committee meeting.

**(Report 4, Other Items Clause 8(i))**

**4.15 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 (October 7, 2005) from the Chief Corporate Officer respecting Status Update to the Auditor General's Report on Oracle Database Review – Security Controls and Other Issues, and recommending that this report be received for information.

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 on March 1, 2 and 3, 2004.

On motion by Councillor Pitfield, the Audit Committee received the report (October 7, 2005) from the Chief Corporate Officer for information.

**(Report 4, Other Items Clause 8(j))**

**4.16 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 referring 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 distributed to members of 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 had before it the following:

- an Extract from Consolidated Clause 7 in Audit Committee Report 2, which was received for information by City Council on April 12, 13 and 14, 2005; and
- a report (October 17, 2005) from the Auditor General recommending that the City Solicitor review the existing shareholders' agreements with Toronto Hydro Corporation, Toronto Economic Development Corporation and the Toronto Community Housing Corporation with a view to amending the agreements to provide the Auditor General the same level of access to records as is provided to the Deputy City Manager and Chief Financial Officer. Consideration be given to further amending the agreement to include a provision enabling the Auditor General to conduct specific audit work only in circumstances, where in Council's opinion, the interests of the City are being compromised.

On motion by Councillor Del Grande, the Audit Committee:

- (1) recommended that City Council adopt the staff recommendations in the Recommendations Section of the report (October 17, 2005) from the Auditor General and request the City Solicitor to report to the Audit Committee on the result of this review; and

- (2) received the 2003 Toronto Hydro Corporation Audit Observations and Recommendations (Management Letter) attached to the confidential report (November 16, 2004) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer.

**(Report 4, Clause 6)**

**4.17 2004-2005 Audit Report on the Federal Supporting Communities Partnership Initiative**

The Audit Committee had before it a communication (September 15, 2005) from the Community Services Committee respecting 2004-2005 Audit Report on the Federal Supporting Communities Partnership Initiative and advised that the Community Services Committee, on September 15, 2005, received the report (September 1, 2005) from the General Manager, Shelter, Support and Housing Administration, entitled "2004-2005 Audit Report on the Federal Supporting Communities Partnership Initiative" and forwarded a copy to the Audit Committee for its information.

The Audit Committee also had before it a submission (November 2, 2005) from Mike O’Gorman.

Mike O’Gorman appeared before the Audit Committee.

On motion by Councillor Del Grande, the Audit Committee:

- (1) received the communication (September 15, 2005) from the Community Services Committee;
- (2) requested the Deputy City Manager and Chief Financial Officer and Treasurer to report to the Audit Committee with a cumulative and comparative statement of the Federal Supporting Communities Partnership Initiative (SCPI); and
- (3) referred the submission (November 2, 2005) filed by Michael O’Gorman at the Audit Committee meeting on November 2, 2005, to the Deputy City Manager for information.

(Letter sent to: Sue Corke, Deputy City Manager, Joseph Pennachetti, Deputy City Manager and Chief Financial Officer and Treasurer; c.: Director, Corporate Finance, Treasurer - November 4, 2005)

**(Report 4, Other Items Clause 8(k))**

**4.18 Toronto Centre for the Arts 2004 Financial Statements**

The Audit Committee had before it a communication (October 26, 2005) from the Manager, Personnel Relations and Recruitment, Toronto Centre for the Arts forwarding the Financial Statements for the North York Performing Arts Centre (Operating as “The Toronto Centre for the Arts”) and the Audit Results-Year Ended December 31, 2004.

On motion by Councillor Ashton, the Audit Committee recommended that City Council receive the Toronto Centre for the Arts Financial Statements and Audit Results for the Year-Ended December 31, 2004 submitted under separate cover.

**(Report 4, Clause 7)**

**4.19 2004 Audit Management Letter – Follow-Up Report**

The Audit Committee had before it a communication (October 20, 2005) from the General Secretary, Toronto Transit Commission forwarding the report titled, “2004 Audit Management Letter – Follow-Up Report”.

On motion by Councillor Ashton, the Audit Committee received the communication (October 20, 2005) from the General Secretary, Toronto Transit Committee and the attached 2004 Audit Management Letter.

(Letter sent to: Vincent Rodo, General Secretary, Toronto Transit Commission - November 4, 2005)

**(Report 4, Other Items Clause 8(l))**

**4.20 Specific Investigations by the Auditor General**

On motion by Councillor Del Grande, the Audit Committee agreed to meet in camera to consider this matter, the subject of which deals with personal matters about an identifiable individual, including municipal or local board employees.

The Auditor General provided the Committee with an in-camera verbal update on his investigations into a specific matter.

**(Report 4, Other Items Clause 8(m))**



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Audit Committee Minutes  
Wednesday November 2, 2005

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The Audit Committee adjourned its meeting at 6:05 p.m.

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Chair

**Attendance:**

	9:30 a.m. – 12:30 p.m.	2:00 p.m. – 6:05 p.m.
July 12, 2005		
Councillor Holyday (Chair)	x	x
Councillor Del Grande (Vice-Chair)	x	x
Councillor Ashton	x	x
Councillor Balkissoon		
Councillor Fletcher	x	x
Councillor Pitfield	x	x
Mayor Miller		

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