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**AUDIT COMMITTEE  
DECISION DOCUMENT  
MEETING 1**

*Report 1 to be considered by City Council on April 25, 26 and 27, 2006.*

<b>Date of Meeting:</b>	<b>February 22, 2006</b>	<b>Enquiry:</b>	<b>Christine Archibald</b>
<b>Time:</b>	<b>9:30 a.m.</b>		<b>Administrator</b>
<b>Location:</b>	<b>Committee Room 1</b>		<b>416-392-7033</b>
	<b>City Hall</b>		<b>carchiba@toronto.ca</b>
	<b>100 Queen Street West</b>		
	<b>Toronto, Ontario</b>		

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*(Minutes are distributed to Members of Committee only, and are available on the City of Toronto's Website at [www.toronto.ca/legdocs/2005/minutes.htm](http://www.toronto.ca/legdocs/2005/minutes.htm))*

*The Decision Document is for preliminary reference purposes only. Please refer to the Committee's Report to City Council or to the minutes for the official record.*

***How to Read the Decision Document:***

- *recommendations of the Committee to City Council are in bold type after the item heading;*
- *action taken by the Committee on its own authority does not require Council's approval – it is reported to Council for information, and is listed in the decision document in bold type under the heading "Action taken by the Committee"; and*
- *Declarations of Interest, if any, appear at the end of an item.*

**Communications/Reports:**

- 1. The Audit of the Auditor - External Quality Assurance Review of the Auditor General's Office**

**Report 1, Other Items Clause 10(a)**

Action taken by the Committee

**The Audit Committee received the report (February 6, 2006) from the Auditor General.**

Report (February 6, 2006) from the Auditor General

Recommendation:

It is recommended that this report be received for information.

**Re: 1** Paper copy of PowerPoint presentation given by Jerome J. Heer, Director of Audits, Department of Audit, Milwaukee County and Gerald Schaefer, Performance Audit Manager, City of Atlanta.

## **2. Contract Management Issues**

### **Report 1, Clause 1**

**The Audit Committee recommends that City Council:**

- (1) adopt the staff recommendations in the Recommendations Section of the report (December 19, 2005) from the Auditor General; and**
- (2) receive the report (February 10, 2006) from Fareed Amin, Deputy City Manager and the Executive Director, Technical Services.**

Report (December 19, 2005) from the Auditor General

#### Recommendations:

It is recommended that:

- (1) the Deputy City Manager ensure that:
  - (a) all specifications contained in construction contracts are clear, concise and enforceable. In circumstances where certain specifications are considered too rigid and likely unenforceable, such specifications be reviewed and where appropriate, amended;
  - (b) minimum standards for material testing on all construction contracts are developed, documented, approved and monitored;
  - (c) all contract specifications are appropriately communicated to Contract Administrators, including Senior Engineers, Engineers and Inspectors. In unusual circumstances, where there is a need to deviate from contract specifications, reasons for such deviations be documented and approved
  - (d) recommendations contained in the March 2001 report entitled, "Contract Management Procedures – Transportation Services Division, Works and Engineering Services Department" are reviewed and implemented;
  - (e) decisions in regard to asset preservation issues should be documented; and

- (f) current policies concerning the rotation of Inspectors throughout the City's districts be evaluated. Such evaluations take into account the need to rotate Inspectors amongst the City's Contractors;
- (2) the Deputy City Manager ensure that:
- (a) all tender calls are appropriately planned and managed in order to ensure that any tender call cancellations are minimized;
  - (b) all tender calls be appropriately planned in order to ensure that the tendered work can be completed during the construction period time frame;
  - (c) policies relating to "vendor complaint resolution" be re-evaluated in order to ensure that delays to the contract approval process are minimized;
  - (d) the determination of what constitutes a "material written objection" relating to contract awards be evaluated in consultation with City Legal; and
  - (e) decisions relating to cancelled contract awards be in writing and approved by Senior Management; and
- (3) the Deputy City Manager ensure that the issues identified in this report are included in the Capital Works Projects, Procurement and Administration Manual. In addition, the development of a detailed procedural checklist for inclusion in the manual should be considered.

**2(a) Management Response to the Auditor General's Reports on Contract Management Issues**

Report (February 10, 2006) from Fareed Amin, Deputy City Manager and Executive Director, Technical Services

Recommendations:

It is recommended that this report be received for information.

**3. Management of City Information Technology Assets**

**Report 1, Clause 2**

**The Audit Committee recommends that City Council:**

- (1) **adopt the staff recommendations in the Recommendations Section of the report (January 26, 2006) from the Auditor General; and**
- (2) **receive the report (February 8, 2006) from the Chief Corporate Officer.**

Report (January 26, 2006) from the Auditor General

Recommendations:

It is recommended that:

- (1) the following recommendations in the attached Auditor General's report (January 26, 2006) entitled "Management of City Information Technology Assets" be adopted:
  - "1. The City Manager give consideration to extending the terms of reference of the upcoming Information Technology Governance and Organization Design Review to include the City's Agencies, Boards and Commissions.
  2. The City Manager communicate to all City divisions that the Information Technology Governance and Organization Design Review is clearly a City-wide initiative managed by the City Manager's Office and is intended to be inclusive of all City divisions.
  3. The Chief Corporate Officer ensure that the Enterprise Information Technology Asset Management System is implemented as a priority. Any solution considered has the ability to interface with other management information systems in the City and in particular, the SAP Financial Information System.
  4. The City Manager direct all divisions to ensure that internally developed computer asset inventory lists be accurate, up to date and complete. All divisions be advised that asset inventory information provided by them will be transferred to the Enterprise Information Technology Asset Management System and such information will be subject to an internal audit process.
  5. The Chief Corporate Officer, subsequent to the implementation of the Enterprise Information Technology Management System, be required to coordinate periodic asset inventory counts. Any inaccuracies discovered during the inventory count be investigated and appropriate adjustments made accordingly, subject to supervisory review and approval.
  6. The City Manager, in consultation with the Chief Corporate Officer direct all divisions to complete an inventory of all non-standard computer software. Inventories, once complete, be consolidated by the Corporate

Information and Technology Division within the Enterprise Information Technology Asset Management System. Such information be available to all City divisions.

7. The Chief Corporate Officer consider the implementation of a software compliance assessment program. The extent of such a program be documented.
8. The Chief Corporate Officer determine whether unused Novell Inc. software licences will be required in the short-term. Negotiations be initiated with Novell Inc. to review the possibility of discontinuing future maintenance payments on unused software licences.
9. The City Manager, in consultation with the Chief Corporate Officer, coordinate the review of City software agreements over a predetermined value in order to ensure that the number of software licences purchased is commensurate with the number of licences in use. Significant differences be investigated and where possible, future maintenance payments on unused software be discontinued.
10. The Chief Corporate Officer review the possibility of consolidating the City's computer server resources and where possible, consider locating servers at the City's main data centre.
11. The City Manager direct divisions to provide the Contract Management Office with a list of all active computer contracts including those currently under negotiation or being considered for renewal. The Chief Corporate Officer review each one of these contracts to determine if opportunities exist for consolidating contracts and reducing costs.
12. The Chief Corporate Officer give priority to the reduction or elimination of certain mainframe applications currently outsourced to E.D.S. Canada Ltd. and ensure that this process takes place prior to the expiration of the current contract with E.D.S. Canada Ltd.
13. The Chief Corporate Officer ensure that there are procedures in place regarding the ongoing monitoring of information technology asset competitive pricing, as well as the processes required to recover funds in situations where the City has been overcharged for certain equipment.
14. The City Manager direct all City divisions of the requirement to comply with spending authority requirements as specified in the Delegation of Financial Authority. Divisions be required to develop an internal control process to identify instances of non-compliance and where appropriate, action be taken for instances of non-compliance.

15. The City Manager direct all City divisions to comply with City procurement policies when obtaining quotes for goods and services.
  16. The City Manager, in consultation with the Chief Corporate Officer, establish written criteria regarding the level of authority required to declare an information technology asset obsolete. Divisions be directed to comply with established authorization requirements.
  17. The Chief Corporate Officer establish a procedure which requires computers for Schools Ontario to acknowledge, in writing, details of all information technology assets received by them from the City.
  18. The Chief Corporate Officer ensure that computer assets declared obsolete be disposed of at the earliest opportunity.
  19. The Chief Corporate Officer review current procedures relating to the processes required to erase data from computer hardware earmarked for disposal. The erasure process should be commensurate with the type and confidential nature of data being erased. All action taken should be clearly documented and authorized by management.
  20. The Fire Chief and General Manager ensure that the services specified in the Computer Aided Dispatch and Report Management System contract are reconciled to the equipment and services actually received. This review should be completed prior to the release of the final payment to the vendor.
  21. The Fire Chief and General Manager make the necessary arrangements to ensure that system source codes and all related documentation provided for under the contract for the Computer Aided Dispatch and Report Management System are transferred to an Ontario incorporated company resident in Ontario in accordance with the agreement.
  22. The Fire Chief and General Manager, in consultation with the City Solicitor, determine whether insurance guarantees provided for in the contract for the Computer Aided Dispatch and Report Management System were provided to the City. The appropriate action be taken if such guarantees have not been provided.
  23. The Fire Chief and General Manager ensure that future maintenance charges related to the contract for the Computer Aided Dispatch and Report Management System are in accordance with contract provisions.";
- (2) the 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 "Management of City Information Technology Assets";

- (3) the City Manager give consideration to extending the terms of reference of the upcoming Information Technology Governance and Organization Design Review to include the City's Agencies, Boards and Commissions; and
- (4) the City Manager communicate to all City divisions that the Information Technology Governance and Organization Design Review is clearly a City-wide initiative managed by the City Manager's Office and is intended to be inclusive of all City divisions.

**Re: 3** Paper copy of PowerPoint presentation given by Alan Ash, Director, Auditor General's Office and Ben Smith, Auditor General's Office.

**3(a) Management Response to Auditor General's Management of City Information Technology Assets Review**

Report (February 8, 2006) from the Chief Corporate Officer.

Recommendations:

It is recommended that this report be received for information.

**Re: 3** Paper copy of PowerPoint presentation given by John Davies, Executive Director, Information and Technology.

**4. Operational Review – Toronto Fire Services**

**Report 1, Clause 3**

**The Audit Committee recommends that City Council:**

- (1) **adopt the staff recommendations in the Recommendations Section of the report (January 13, 2006) from the Auditor General subject to adding the following additional Recommendation 19(c):**

**“19(c) consider performing preventative maintenance work on firefighting vehicles more frequently than every six months;”**; and

- (2) **receive the report (February 8, 2006) from Fareed Amin, Deputy City Manager, and the Fire Chief and General Manager, Toronto Fire Services**

Report (January 13, 2006) from the Auditor General

Recommendations:

It is recommended that:

- (1) the following recommendations in the attached Auditor General's report (January 13, 2006) entitled "Operational Review – Toronto Fire Services" be adopted:
  - "1. The Fire Chief and General Manager take appropriate steps to ensure purchases are in compliance with Corporate purchasing policies and procedures. In particular:
    - (a) discontinue the practice of using Departmental Purchase Orders where the use of a blanket contract and purchase order would be more appropriate, and continue working with the Purchasing and Materials Management Division to ensure blanket contracts and purchase orders for frequently required goods and services are issued;
    - (b) discontinue the practice of splitting purchases to keep the purchase amount below the maximum level of \$7,500 for a Departmental Purchase Order or below the \$3,000 limit for three quotes;
    - (c) provide necessary training, such that staff understand and comply with City purchasing policies, procedures and guidelines; and
    - (d) incorporate compliance with procurement policies and procedures into the staff performance review process.
  2. The Fire Chief and General Manager take necessary steps to ensure all sole-source purchases are made in accordance with corporate purchasing policies and procedures.
  3. The Fire Chief and General Manager review the appropriateness of establishing a new video production unit within Professional Development, Training and Mechanical Maintenance. Such a review take into account the resources currently available within the Public Information and Media Communications Unit of Staff Services and Communications as well as the potential availability of resources elsewhere in the City.
  4. The Fire Chief and General Manager take necessary steps to strengthen management controls over the use of commercial fuel credit cards in Toronto Fire Services by:
    - (a) developing a formal policy on the issuance and appropriate use of commercial fuel credit cards;



- (b) implementing monitoring measures to ensure adherence to divisional policy on the use of commercial fuel credit cards;
  - (c) reviewing the necessity and reasonableness of current credit card assignment and usage; and
  - (d) ensuring all fuelling expenses are adequately reviewed and approved by appropriate supervisory staff.
5. The Fire Chief and General Manager ensure:
- (a) staff responsible for authorizing purchases obtain and review sufficient and relevant information to ensure best value prior to committing to purchases of goods and services; and
  - (b) staff responsible for authorizing payments obtain and review relevant supporting details to ensure the reasonableness of the amount invoiced.
6. The Director of Purchasing and Materials Management take necessary steps to expedite the establishment of a corporate blanket contract for renting photocopiers in the City, and ensure that an assessment is conducted in each user division to determine usage and the most cost effective model required.
7. The Fire Chief and General Manager review the cost and benefits of introducing handheld computing equipment in the fire prevention inspection process. Such an analysis to include the costs of original capital investment plus increased efficiency gains. In conducting this review, the Fire Chief and General Manager ensure coordination with both Toronto Public Health and the Toronto Police Service.
8. The Fire Chief and General Manager evaluate the feasibility and associated risk of centralizing district offices within Fire Prevention and Public Education of Toronto Fire Services, with a view to:
- (a) determining the most cost-effective number and location of district offices;
  - (b) assessing office space requirements for Fire Prevention staff working outside of district offices;
  - (c) assessing potential costs and resource levels required to effectively support a more centralized structure; and

- (d) presenting to the Community Services Committee by September 1, 2006 with a detailed implementation plan, outlining projected cost savings, actions required, as well as target milestone and completion dates for measuring results.
9. The Fire Chief and General Manager develop a formal policy on the timeliness of follow up on fire safety related complaints and measures to ensure fire hazards are properly rectified.
  10. The Fire Chief and General Manager, in consultation with the City Solicitor, develop and implement standard policies and procedures to ensure consistency in fire code enforcement efforts, including:
    - (a) defining non-compliance conditions by severity of fire hazard, response time and corresponding progressive enforcement measures to be applied;
    - (b) exploring the viability of stating expected target compliance date on the Notice of Violation; and
    - (c) developing time frames for re-inspection, implementation of corrective measures and timelines for laying charges.
  11. The Fire Chief and General Manager establish a policy to ensure rotation of Fire Prevention staff regularly to various geographical areas.
  12. The Fire Chief and General Manager take appropriate steps to ensure:
    - (a) consistency and efficiency in the conduct of Fire Prevention inspections through the use of standard inspection forms, checklists and documentation standards;
    - (b) Fire Prevention staff comply with written policies, procedures and standards established by Fire Prevention management; and
    - (c) the level of supervisory review is adequate to ensure consistency in enforcement efforts and compliance with established policies.
  13. The Fire Chief and General Manager consider taking a “risk based” approach in delivering the fire prevention program in the City, and conduct a review to determine:
    - (a) the cost effectiveness of the current inspection program of institutional facilities;

- (b) the number of additional high fire risk premises in the City requiring routine inspections, appropriate inspection frequency and resource requirements, as well as potential risks and liability to the City if identified high fire risk premises are not routinely inspected;
  - (c) the reasonableness of inspection staff resources currently assigned to the four district commands, and possible re-organization to facilitate implementation of a “risk based” inspection program; and
  - (d) report results and recommendations to the appropriate City Committee.
- 14. The Fire Chief and General Manager prepare a project plan detailing resource requirements, major milestones and target completion dates, as well as regular status reports to ensure properties requiring retrofit actions, as stipulated by Ontario Fire Code, are inspected within projected time frames. Such plan and the first status report be presented to the appropriate Committee by June 2006.
- 15. The Fire Chief and General Manager take appropriate steps to develop and implement results based performance indicators to measure the productivity and cost effectiveness of the Fire Prevention inspection and enforcement services provided by the City.
- 16. The Fire Chief and General Manager take necessary steps to expedite the development of a new information system for Fire Prevention.
- 17. The Fire Chief and General Manager ensure Toronto Fire Services staff prepare:
  - (a) a detailed analysis clearly defining business processes, data and system requirements necessary to effectively manage the Fire Prevention program;
  - (b) an assessment on the system’s ability to accommodate changes in technology, such as handheld computing devices; and
  - (c) provide recommendations to senior management for system enhancements, estimated costs, target completion and milestone dates.
- 18. The Fire Chief and General Manager review the current fee structure for after hour fire inspection services in order to ensure that full-cost recovery is achieved. Any proposed change be reported to the appropriate Committee.

19. The Fire Chief and General Manager review and take necessary steps to:
  - (a) ensure the implementation of a proactive and enhanced preventive maintenance program for firefighting vehicles and equipment; and
  - (b) monitor and minimize fire vehicle downtime and service disruptions associated with unscheduled and unexpected repairs.
20. The Fire Chief and General Manager take appropriate steps to ensure fire station staff clearly understand the frequency and timing related to vehicles and equipment inspections required, inspection procedures and standards for documenting inspection results.
21. The Fire Chief and General Manager ensure that:
  - (a) the Mechanical Division maintain complete, reliable, accurate vehicle records and comply with regulatory requirements;
  - (b) policies and formal documentation standards for vehicle repairs and maintenance activities are developed;
  - (c) documentation requirements and management expectations are clearly communicated to garage staff; and
  - (d) management regularly review manual and system records and monitor compliance with established documentation policies and standards.
22. The Fire Chief and General Manager ensure records maintained by the Mechanical Division accurately account for all repairs performed on each vehicle, including repair and maintenance services rendered under warranty and those performed by private garages.
23. The Fire Chief and General Manager take steps to ensure cost-effective management of the Mechanical Division including:
  - (a) establishing and maintaining formal, written and enforceable job standards and monitor compliance with those standards; and
  - (b) ensuring accurate tracking of repair time by utilizing the capability built into the M4 Fleet Management Information System.
24. The Fire Chief and General Manager take necessary steps to:

- (a) utilize the M4 Fleet Management Information System for recording warranty information and tracking warranty repairs;
  - (b) establish criteria for determining when warranty repairs should be performed internally or referred to the manufacturer; and
  - (c) establish formal arrangements with manufacturers, ensuring the recovery of eligible costs when in-house warranty repairs are made.
25. The Deputy City Manager, in consultation with the Deputy City Manager and Chief Financial Officer, explore the costs and benefits of designating Fleet Services as the primary provider of maintenance and repair services for Toronto Fire Services' light vehicle fleet.
26. The Fire Chief and General Manager and the Director of Purchasing and Materials management take necessary action to expedite the finalization of blanket contracts and purchase orders for referral of general vehicle repairs to private garages.
27. The Fire Chief and General Manager establish procedures to strengthen management controls to ensure:
- (a) adequate documentation to support repairs referred to private garages;
  - (b) vendor selection and payments for work performed by private garages are in compliance with Corporate purchasing policies; and
  - (c) random quality assurance inspections of vehicles serviced by private garages are conducted and adequately documented for review by garage management.
28. The Fire Chief and General Manager take appropriate steps to:
- (a) ensure purchases of auto parts are made in compliance with corporate procurement policies; and
  - (b) explore the possibility of coordinating parts and tool purchases with Corporate Fleet Services for volume discounts.
29. The Fire Chief and General Manager review the feasibility of utilizing the parts tracking feature in the M4 Fleet Management Information System for implementation in 2006.

30. The Fire Chief and General Manager take appropriate steps to ensure implementation of adequate inventory controls, including:
  - (a) utilizing available system features for tracking inventory usage;
  - (b) assigning a staff position to monitor receipts and issuance of parts inventory, and restricting physical access to the stockroom to authorized personnel;
  - (c) recording all parts and labour in the M4 Fleet Management Information System, including unit cost, vendor information and labour hours; and
  - (d) establishing policies and guidelines to provide for an annual inventory process and periodic surprise physical counts of items, and ensuring that discrepancies are adequately investigated and resolved.
  
31. The Fire Chief and General Manager take necessary steps to expedite the implementation of the M4 Fleet Management Information System, and include:
  - (a) the development of policies and procedures;
  - (b) the securing of technical support from the Information and Technology Division; and
  - (c) the requirement to provide formal training to staff.
  
32. The Deputy City Manager ensure the Mechanical Division of Toronto Fire Services:
  - (a) establish clear and measurable objectives and performance goals;
  - (b) coordinate with Fleet Services in establishing efficiency and effectiveness performance measures to evaluate progress toward those goals; and
  - (b) regularly measure and report on progress in achieving performance goals.
  
33. The City Manager ensure coordination of Fleet Services, Toronto Fire Services and other City fleet operations in establishing common performance measures and standard for fleet operations City-wide

34. The Deputy City Manager, in conjunction with the Deputy City Manager and Chief Financial Officer, take steps to improve current materials management and control over the warehouse operation in Toronto Fire Services as a part of the corporate Stores/Warehouse Rationalization Project. Such steps to include:
  - (a) developing and implementing a Corporate policy on reporting divisional inventory value at year-end;
  - (b) developing and implementing adequate control over access to the inventory information system; and
  - (c) providing inventory control training to Toronto Fire Services Staff.
  
35. The Fire Chief and General Manager take steps to improve current materials management and control over the warehouse operation in Toronto Fire Services by:
  - (a) ensuring orders, receipts and distribution of all inventory items are systematically tracked and monitored by management;
  - (b) providing adequate management oversight to ensure irregularities are detected and corrected in a timely manner;
  - (c) developing and implementing measures to reduce the quantity of surplus uniform items in storage; and
  - (d) reviewing the feasibility of reducing the number of staff and delivery vehicles assigned to the warehouse function.
  
36. The Fire Chief and General Manager take necessary steps to improve current management control of the gift shop. Such steps to include:
  - (a) implementing procedures to ensure adequate controls over orders, receipts and sales;
  - (b) conducting a physical count of existing stock; and
  - (c) ensuring that the operation is adequately supervised.
  
37. The City Manager review the current practice of City divisions, Agencies, Boards, and Commissions selling clothing items with City and/or divisional logos to the public, the associated potential risk and liability to the City, and report to appropriate committees on results and recommended action."

- (2) the 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 "Operational Review – Toronto Fire Services"; and
- (3) this report be forwarded to the Community Services Committee for information.

**Re: 4** Paper copy of PowerPoint presentation given by Alan Ash, Director, Auditor General's Office and Anne Cheung, Senior Audit Manager, Auditor General's Office.

**4(a) Management Response to the Auditor General's Operational Review of Toronto Fire Services**

Report (February 8, 2006) from Fareed Amin, Deputy City Manager, and the Fire Chief and General Manager, Toronto Fire Services

Recommendations:

It is recommended that this report be received for information.

**Re: 4** Paper copy of PowerPoint presentation given by Fire Chief William A. Stewart.

**5. Annual Report on the Status of Fraud and Related matters, Including the Operation of the Fraud and Waste Hotline Program**

**Report 1, Other Items Clause 10(b)**

Action taken by the Committee

**The Audit Committee:**

- (1) received the report (February 9, 2006) from the Auditor General; and
- (2) recommended to the Policy and Finance Committee that the Auditor General's 2006 Operating Budget request for two additional audit staff resources, with one of the two additional staff being assigned to the operation of the Fraud and Waste Hotline, be approved.

Report (February 9, 2006) from the Auditor General

Recommendations:

It is recommended that this report be received for information.

**Re: 5** Paper copy of PowerPoint presentation given by Carmelina Di Mondo, Manager, Forensic Unit.



**6. 2006 Audit Work Plan**

**Report 1, Clause 4**

**The Audit Committee recommends that City Council receive the 2006 Audit Work Plan attached as Appendix 1 to the report (January 18, 2006) from the Auditor General.**

Report (January 18, 2006) from the Auditor General

Recommendation:

It is recommended that the 2006 Audit Work Plan for the Auditor General's Office be received for information.

**7. Auditor General's Audit Reports – Benefits to the City of Toronto – Annual Update**

**Report 1, Other Items Clause 10(c)**

Action taken by the Committee

**The Audit Committee received the report (February 7, 2006) from the Auditor General.**

Report (February 7, 2006) from the Auditor General summarizing the estimated cumulative cost reductions and the estimated increased revenues resulting from various reports issued by the Auditor General's Office from January 1, 1999 to December 31, 2005 and providing information relating to various audit reports containing administrative internal control recommendations made by the Auditor General's Office.

Recommendation:

It is recommended that this report be received for information.

**8. Terms of Reference – Audit Projects**

**Report 1, Other Items Clause 10(d)**

Action taken by the Committee

**The Audit Committee received the report (January 9, 2006) from the Auditor General.**

Report (January 9, 2006) from the Auditor General reporting on the terms of reference for two audit projects included in the 2005 Audit Work Plan currently in progress.

Recommendation:

It is recommended that this report be received for information.

**9. Community Centres and Arenas – 2004 Audited Financial Statements**

**Report 1, Clause 5**

**The Audit Committee recommends that City Council receive the 2004 Audited Financial Statements for the following Arenas attached to the report (January 23, 2006) from the Auditor General which is submitted to Council under separate cover:**

**North Toronto Memorial Arena  
Forest Hill Memorial Arena  
George Bell Arena  
Moss Park Arena  
Ted Reeve Community Arena**

Action taken by the Committee

**The Audit Committee requested the Auditor General to ask all Community Centres and Arenas to submit their 2005 Audited Financial Statements by March 31, 2006.**

Report (January 23, 2006) from the Auditor General presenting the 2004 Audited Financial Statements for Five Arenas

Recommendation:

It is recommended that this report be received for information.

**(Attached Audited Financial Statements are distributed to Members of the Audit Committee only)**

- 9(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.

Recommendation:

It is recommended that this report be received for information.

**(Note: Agenda item 9(a) was postponed from the November 2, 2006 meeting of the Audit Committee pending the submission of the remaining 2004 Audited Financial Statements of Arenas)**

**10. Interim Response to Maintenance and Administrative Controls Review of Facilities and Real Estate**

**Report 1, Other Items Clause 10(e)**

Action taken by the Committee

**The Audit Committee received the report (February 3, 2006) from the Chief Corporate Officer.**

Report (February 3, 2006) from the Chief Corporate Officer

Recommendations:

It is recommended that this report be received for information

**Re: 10** Paper copy of PowerPoint presentation given by Bruce Bowes, Chief Corporate Officer.

**10(a)** Clause 1 of Audit Committee Report 4, headed “Maintenance and Administrative Controls Review – Facilities and Real Estate” which was adopted, as amended, by City Council on December 14 and 16, 2005.

**(Agenda Item 10(a) is distributed to Members of the Audit Committee for their information only)**

**11. Finance Department’s Response to Ernst and Young’s report: “Investment Policy Compliance for 2004”**

**Report 1, Clause 6**

**The Audit Committee recommends that City Council receive the report (February 7, 2006) from the Deputy City Manager and Chief Financial Officer.**

Report (February 7, 2006) from the Deputy City Manager and Chief Financial Officer and Treasurer

Recommendation:

It is recommended that this report be received for information.

**12 Update on Issues Raised in Auditor Management Letters**

**Report 1, Clause 7**

**The Audit Committee recommends that City Council receive the report (February 8, 2006) from the Deputy City Manager and Chief Financial Officer.**

Report (February 8, 2006) from the Deputy City Manager and Chief Financial Officer 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.

Recommendation:

It is recommended that this update report on workplan progress be received and forwarded to Council for information.

**13. 2004 Audited Financial Statement of Downtown Yonge Business Improvement Area**

**Report 1, Clause 8**

**The Audit Committee recommends that City Council receive the 2004 Financial Statements for the Downtown Yonge Business Improvement Area attached to the report (February 8, 2006) from the Deputy City Manager and Chief Financial Officer, and Sue Corke, Deputy City Manager which is submitted to Council under separate cover.**

Report (February 8, 2006) from the Sue Corke, Deputy City Manager and Chief Financial Officer and the Deputy City Manager

Recommendation:

It is recommended that the 2004 audited financial statements for the Downtown Yonge Business Improvement Area appended to this report be received.

**14. GST Recoveries in Business Improvement Areas**

**Report 1, Other Items Clause 10(f)**

Action taken by the Committee

**The Audit Committee received the report (February 7, 2006) from the Treasurer.**

Report (February 7, 2006) from the Treasurer

Recommendation:

It is recommended that this report be received for information.

**15. Recovery of Social Assistance Overpayments, Toronto Social Services, Status Update**

**Report 1, Other Items Clause 10(g)**

Action taken by the Committee

**The Audit Committee received the report (February 3, 2006) from Sue Corke, Deputy City Manager.**

Report (February 3, 2006) from the Sue Corke, Deputy City Manager

Recommendation:

It is recommended that this report be received for information.

**15(a)** Clause 2 or Report 4 of the Audit Committee, titled “Recovery of Social Assistance Overpayments, Toronto Social Services, which was adopted by City Council at its meeting on December 5, 6 and 7, 2005

**(Agenda Item 15(a) is distributed to Members of the Audit Committee for their only)**

**16. Let’s Build Program - 3810 Bathurst Street and 1555 Jane Street**

**Report 1, Clause 9**

**The Audit Committee recommends to City Council that the Deputy City Manager be requested to report to the May 11, 2006 meeting of the Audit Committee and the Affordable Housing Committee on:**

- (1) the status of the Council approved affordable housing projects (approximately 16), the funds set aside for each project, and the dates of approval and expected completion of each project; and**
- (2) a financial weighing of “lost opportunity costs” of future affordable housing projects, and of the value of retrofitting older projects as opposed to constructing new projects.**

Action taken by the Committee

**The Audit Committee:**

- (1) received the report (February 1, 2006) from Sue Corke, Deputy City Manager and requested the Deputy City Manager to:**
  - (a) amend her Implementation Response to Recommendation (5) of the Auditor General's report by adding the word "a major" after the word "form", so that this response now reads:**

**"The Affordable Housing Office will prepare net present value calculations of the benefits accruing to the City for each proposed housing project. This will form a major part of the report to Council through the Affordable Housing Committee.";** and
  - (b) submit a further report to the Audit Committee for its meeting on May 11, 2006 recommending the implementation of the recommendations in the Auditor General's report dated October 21, 2005 relating to the inclusion of criteria into the RFP process; and**
- (2) requested the Auditor General to consider conducting an audit review of the affordable housing project at 418 Dawes Road; and**
- (3) received the material submitted to the Audit Committee on February 22, 2006 from Mike O'Gorman**

Report (February 1, 2006) from Sue Corke, Deputy City Manager

Recommendation:

It is recommended that this report be received for information.

- 16(a) Clause 3 of Report 4 of the Audit Committee, titled "Let's Building Program – 3810 Bathurst Street and 1555 Jane Street which was adopted, as amended, by City Council at its meeting on December 14 and 16, 2005**
- 16(b) Communication (February 22, 2006) from Mike O'Gorman.**

**(Agenda item 16(a) is distributed to Members of the Audit Committee for their information only)**

- 17. Toronto Police Service - Enterprise Case and Occurrence Processing System (eCOPS) Project Review – Response to Recommendations**

**Report 1, Other Items Clause 10(h)**

Action taken by the Committee

**The Audit Committee received the two reports (December 19, 2005) from Pam McConnell, Acting Chair, Toronto Police Services Board.**

- 17(a)** Report (December 19, 2005) from Pam McConnell, Acting Chair, Toronto Police Services Board responding to the Audit Committee's request for a report on: the total costs of the eCOPS project; a breakdown of the internal staff time allocated to the project and the costs incurred for maintenance and staff training; and information on the implementation of eCOPS as compared to other "off the shelf" systems used in other jurisdictions.

Recommendation:

It is recommended that the Audit Committee receive this report.

- 17(b)** Report (December 19, 2005) from Pam McConnell, Acting Chair, Toronto Police Services Board advising the Audit Committee on the Toronto Police Service's response to the Auditor General's recommendations contained in the report titled "Review of the Enterprise Case and Occurrence Processing System (eCOPS) Project – Toronto Police Service
- 17(c)** Report (July 4, 2005) from the Auditor General titled "Enterprise Case and Occurrence System (eCOPS)" which was received for information by the Audit Committee at its meeting on July 12, 2005.

**(Agenda item 17(c) is distributed to Members of the Audit Committee for information only)**

- 18. Toronto Police Services Board – Terms of Reference for the Audit of the Toronto Police Service – Training Program**

**Report 1, Other Items Clause 10(i)**

Action taken by Committee

**The Audit Committee received the report (February 8, 2006) from Alok Mukherjee, Chair, Toronto Police Services Board.**

Report (February 8, 2006) from Alok Mukherjee, Chair, Toronto Police Services Board

Recommendation:

It is recommended that the Audit Committee receive this report.

**19. Responses to Telecommunications Services Review – Management Response and Work Plan -Status Update**

**Report 1, Other Items Clause 10(j)**

Action taken by the Committee:

**The Audit Committee:**

**(1) received the following for information:**

- (a) communication (September 27, 2005) from Vincent Rodo, General Secretary, Toronto Transit Commission;**
- (b) communication (February 6, 2006) from Calvin J. White, Chief Executive Officer, Toronto Zoo;**
- (c) report (February 9, 2006) from the City Clerk; and**
- (d) communication (February 21, 2006) from Maurice J. Anderson, President, Toronto Parking Authority.**

**(2) recommended that City Council consider holding up approval of the 2006 Operating Budget requests for the following Agencies, Boards and Commissions until such time that they submit a response to City Council's outstanding request regarding Telecommunications Services Review:**

**Enwave District Energy Limited  
Toronto Economic Development Corporation  
Toronto Hydro Corporation  
Toronto Community Housing Corporation**

**19(a)** Communication (September 27, 2005) from Vincent Rodo, General Secretary, Toronto Transit Commission submitting the TTC's response to the IT Telecommunications Services Review

**19(b)** Communication (February 6, 2006) from Calvin J. White, Chief Executive Officer, Toronto Zoo submitting the Toronto Zoo's response to the IT Telecommunications Services Review

**19(c)** Report (February 9, 2006) from the City Clerk advising the Audit Committee of the responses from Agencies Board and Commissions to the Telecommunications Services Review



Recommendation:

That this report be received for information.

- 19(d)** Clause 2 of Report 2 of the Audit Committee, titled “Telecommunications Services Review”, which was adopted by City Council on April 12, 13 and 14, 2005.
- 19(e)** Communication (February 21, 2006) from Maurice J. Anderson, President, Toronto Parking Authority.

**(Agenda item 19(d) is distributed to Members of the Audit Committee for their information only)**

**20. Responses to Fleet Operations Review – Phase 2**

**Report 1, Other Items Clause 10(k)**

Action taken by the Committee:

**The Audit Committee received the following for information:**

- (a) report (January 26, 2006) from the Chief/General Manager, Toronto Emergency Medical Services;**
- (b) report (February 8, 2006) from the Fire Chief and General Manager;**
- (c) communication (February 1, 2006) from Richard C. Ducharme, Chief General Manager, Toronto Transit Commission;**
- (d) communication (January 26, 2006) from R.D. Hale, Chief Operating Officer, Operations & Administration, Toronto Zoo;**
- (e) report (February 8, 2006) from Alok Mukherjee, Chair, Toronto Police Services Board; and**
- (f) report (February 9, 2006) from the City Clerk .**

- 20(a)** Report (January 26, 2006) from the Chief/General Manager, Toronto Emergency Medical Services

Recommendations:

It is recommended that this report be received for information.

**20(b)** Report (February 8, 2006) from the Fire Chief and General Manager

Recommendations:

It is recommended that this report be received for information.

**20(c)** Communication (February 1, 2006) from Richard C. Ducharme, Chief General Manager, Toronto Transit Commission submitting, for the information of the Audit Committee, the Toronto Transit Commission's comments

**20(d)** Communication (January 26, 2006) from R.D. Hale, Chief Operating Officer, Operations & Administration, Toronto Zoo submitting the Toronto Zoo's response.

**20(e)** Report (February 8, 2006) from Alok Mukherjee, Chair, Toronto Police Services Board

Recommendations:

It is recommended that the Audit Committee receive this report.

**20(f)** Report (February 9, 2006) from the City Clerk advising the Audit Committee of the responses from City organizations to the Fleet Operations Review – Phase 2

Recommendation:

That this report be received for information.

**20(g)** Clause 1 of Report 3 of the Audit Committee, titled "Fleet Operations Review – Phase Two" which was adopted by City Council on July 19, 20, 21 and 26, 2005.

**(Agenda item 20(g) is distributed to Members of the Audit Committee for their information only)**

**21. Responses to Payroll Processing Review**

**Report 1, Other Items Clause 10(l)**

Action taken by the Committee:

**The Audit Committee received the following communications for information:**

- (a) **(November 11, 2005) from R.D. Hale, Executive Director, Administrative & Site Services, Toronto Zoo; and**
- (b) **Communication (February 3, 2006) from the Human Resources and Payroll Coordinator, and the Controller, St. Lawrence Centre for the Arts**

**21(a)** Communication (November 11, 2005) from R.D. Hale, Executive Director, Administrative & Site Services, Toronto Zoo submitting the Toronto's Zoo comments

**21(b)** Communication (February 3, 2006) from Rosemarie DiBartolomeo, Human Resources and Payroll Coordinator, and Dorothy Carter, Controller, St. Lawrence Centre for the Arts submitting the St. Lawrence Centre for the Arts' comments.

**21(c)** Clause 5 of Report 6 of the Audit Committee, titled "Payroll Processing Review (Phase One)" which was adopted by City Council on November 30, December 1 and 2, 2004.

**(Agenda item 21(c) is distributed to Members of the Audit Committee for their information only)**

## **22. Enwave Energy Corporation – Audited Financial Statements**

**(In-camera – Security of property of the Municipality)**

### **Report 1, Other Items Clause 10(m)**

#### Action taken by the Committee

**The Audit Committee postponed consideration of the Enwave Energy Corporation – Audited Financial Statements until these financial statements have been received by the shareholders, and, in accordance with the *Municipal Act, 2001*, further consideration of these Audited Financial Statements be conducted in camera because they relate to the security of property of the municipality.**

Communication (received January 25, 2006) from Elizabeth Foti, EA to Chief Financial Officer, Enwave Energy Corporation forwarding the Audited Financial Statement for the year ended October 31, 2005.

