

Audit Committee

Meeting No.	3	Contact	Rosemary MacKenzie, Council Administrator
Meeting Date	Friday, June 15, 2007	Phone	416-392-8021
Start Time	9:30 AM	E-mail	rmacken@toronto.ca
Location	Committee Room 2, City Hall		

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 appear after the item heading and any amendments by Committee to recommendations appearing in staff reports are italicized;*
- *action taken by the Committee on its own authority does not require Council's approval and is listed in the decision document under the heading "Decision Advice and Other Information" at the end of the item; and*
- *Declarations of Interest, if any, appear at the end of an item.*

Minutes Confirmed – April 13, 2007

AU3.1	ACTION	Adopted		Ward: All
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Auditor General's Status Report on Outstanding Audit Recommendations for City Divisions

Confidential - The security of the property of the municipality or local board

(June 1, 2007) report from the Auditor General

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive this report for information.
2. City Council not authorize the public release of the Attachment 1 – Confidential Information as this attachment contains confidential information relating to:
 - a. security of property belonging to the City or one of its agencies, boards, and commissions;
 - b. litigation or potential litigation that affects the City or one of its agencies, boards, and commissions; and
 - c. advice or communications subject to solicitor-client privilege.

Summary

This report provides information regarding the implementation status of audit recommendations contained in various reports issued by the Auditor General to City divisions. The report is the second such annual report issued by the Auditor General related to follow-up on management efforts to implement outstanding recommendations.

Management has made significant progress on implementing outstanding audit recommendations. Further, we noted that management has made progress on many recommendations not yet fully implemented. The results of our review indicate that management has fully implemented 602 or 81 per cent of the 844 recommendations made by the Auditor General since January 1, 1999.

Continued efforts to implement these recommendations will provide additional benefit to the City through cost savings, additional revenue and enhanced service delivery.

Background Information

Report (June 1 07) Auditor General - Outstanding Audit Recs City Divisions

<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4435.pdf>

Appendix 2 - City Divisions, Public Recommendations

<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4436.pdf>

AU3.2	ACTION	Adopted		Ward: All
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Auditor General's Status Report on Outstanding Audit Recommendations for City Agencies, Boards and Commissions

(June 1, 2007) report from the Auditor General

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive this report for information.

Summary

This report provides information regarding the implementation status of audit recommendations contained in various reports issued by the Auditor General to Agencies Boards and Commissions. The report is the first such annual report issued by the Auditor General related to follow-up on management efforts to implement outstanding recommendations at Agencies, Boards and Commissions.

Management has made significant progress on implementing outstanding audit recommendations. Further, it appears as if management has made progress on recommendations not yet fully implemented.

Background Information

Report (June 1 07) Auditor General - Status Report Outstanding Recs for ABCs

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4440.pdf>)

Appendix 1 - Toronto Police Services

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4407.pdf>)

Appendix 2 - Board of Health

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4408.pdf>)

Appendix 3 - Toronto Atmospheric Fund

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4409.pdf>)

Appendix 4 - Toronto Parking Authority

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4410.pdf>)

Appendix 5 - Toronto Zoo

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4411.pdf>)

AU3.3	ACTION	Adopted		
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City of Toronto Audit Results - December 31, 2006

(June 1, 2007) report from Diana Brouwer and Kathi Lavoie, Ernst & Young

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive for information, the City of Toronto Audit Results December 31, 2006, submitted by Ernst & Young, Chartered Accountants.

Summary

This report to the Audit Committee summarizes the issues of audit significance discussed with management and provides the communications required by our professional standards.

Background Information

City of Toronto Audit Results - December 31, 2006, Ernst & Young
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4249.pdf>

AU3.4	ACTION	Adopted		Ward: All
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2006 Audited Consolidated Financial Statements

(May 30, 2007) report from the Deputy City Manager and Chief Financial Officer

Committee Recommendations

The Audit Committee recommends that:

1. Council approve the 2006 Consolidated Financial Statements as attached in Appendix A.

Summary

The purpose of this report is to present the City of Toronto's Consolidated Financial Statements for the year ended December 31, 2006 to Council for approval.

The most important measure of any government's financial condition is its net financial liability position, which is its financial assets (cash, receivables, investments and inventory) less its financial liabilities (trade and employment payables, mortgages and debentures). Despite growth in the City's debenture debt and employee benefit liabilities, the City's net liability position was basically maintained in 2006 as compared to 2005, increasing by \$43 million to \$2.29 billion. Expenditure restraint and increased capital transfers from other levels of government were the main reasons behind this stability.

While the City's financial challenges continue, the City's Long Term Financial Plan is being implemented as follows: tax policies which enhance economic competitiveness, utilization of user rate adjustments for environmental and cost control purposes, and working with the Province to realize the upload of the social service programs in 2008 and beyond.

While the debt financing has and will grow due to unmet state of good repair needs, the City's financing plans inclusive of enhanced federal and provincial funding combined with the City's strategic infrastructure partnership reserve fund ensures a firm financing plan for the next five years.

The implementation of these financial plans are reflected in the recent confirmation of the City's AA and AA+ independent credit ratings. Thus, the credit rating agencies have indicated our strong stable credit rating based on positive financial management actions by the City.

Background Information

Report (May 30 07) DCM and CFO - 2006 Audited Financial Statements
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4434.pdf>

Appendix A - 2006 Consolidated Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4437.pdf>)

Appendix B - Key Issues/Risks Facing the City of Toronto

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4438.pdf>)

Appendix C - Five Year Summary of Consolidated Revenues and Expenditures

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4439.pdf>)

AU3.5	ACTION	Adopted		Ward: All
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Status of the Financial Audits of the City's Agencies, Boards and Commissions for the Year Ended December 31, 2006

(May 31, 2007) report from the Auditor General

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive for information, the status report of the financial audits of the City's Agencies, Boards and Commissions for the year ended December 31, 2006.

Summary

The purpose of this report is to provide Audit Committee and City Council with the status of financial audits of the City's Agencies, Boards and Commissions for the year ended December 31, 2006.

The majority of audits of the City's Agencies, Boards and Commissions have been completed and approved by their respective Boards. The three outstanding financial reports, Toronto Sinking Funds, Toronto Trust Funds and Toronto Economic Development Corporation, including management letters will be available for the next Audit Committee meeting on September 24, 2007.

Background Information

Report (May 31 07) Auditor General - Status of Financial Audits of ABCs

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4433.pdf>)

AU3.6	ACTION	Adopted		
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Financial Statements for the Year Ended December 31, 2006 - Agencies, Boards and Commissions

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive for information, the 2006 Financial Statements and related documents of the following agencies, boards and commissions:
 - Exhibition Place
 - Heritage Toronto
 - The Hummingbird Centre for the Performing Arts
 - The North York Performing Arts Centre Corporation
 - Toronto Atmospheric Fund
 - Toronto Parking Authority
 - Toronto Public Library Board
 - Toronto Transit Commission
 - Toronto Zoo
 - Yonge – Dundas Square Board of Management

Summary

2006 Financial Statements have been submitted to the Audit Committee for consideration by the following agencies, boards and commissions:

- Exhibition Place
- Heritage Toronto
- The Hummingbird Centre for the Performing Arts
- The North York Performing Arts Centre Corporation
- Toronto Atmospheric Fund
- Toronto Parking Authority
- Toronto Public Library Board
- Toronto Transit Commission
- Toronto Zoo
- Yonge – Dundas Square Board of Management

6a Exhibition Place - 2006 Consolidated Financial Statements and 2006 Audit Results

(May 29, 2007) report from the Chief Executive Officer, Exhibition Place

Summary

Audited Consolidated Financial Statements and 2006 Audit Results for Exhibition Place for the year ended December 31, 2006.

Background Information

Report (May 29 07) CEO, Exhibition Place, Consolid Financial Stmtms
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4121.pdf>)

Consolidated Financial Statements - Exhibition Place - December 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4076.pdf>)

Report (May 29 07) from CEO, Exhibition Place, 2006 Audit Results
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4120.pdf>)

Exhibition Place - 2006 Audit Results

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4119.pdf>)

6b Heritage Toronto - 2006 Audited Financial Statements

(May 30, 2007) report from the Executive Director, Heritage Toronto

Summary

Audited Financial Statements for Heritage Toronto for the year ended December 31, 2006.

Background Information

Heritage Toronto - Audited Financial Statements December 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4240.pdf>)

6c Hummingbird Centre for the Performing Arts - 2006 Audited Financial Statements

(May 23, 2007) report from the Director, Finance and Personnel, the Hummingbird Centre

Summary

Audited Financial Statements for The Hummingbird Centre for the Performing Arts for the year ended December 31, 2006.

Background Information

Hummingbird Centre - Financial Statements
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4456.pdf>)

6d North York Performing Arts Centre Corporation - 2006 Financial Statements

(May 16, 2007) report from the Manager, Personnel Relations and Recruitment, North York Performing Arts Centre Corporation

Summary

Financial Statements for The North York Performing Arts Centre Corporation for the year ended December 31, 2006.

Background Information

North York Performing Arts Centre Corp. - 2006 Financial Statements
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4123.pdf>)

6e Toronto Atmospheric Fund - Consolidated Financial Statements, Year Ended December 31, 2006

Summary

Audited Financial Statements for the Toronto Atmospheric Fund for the year ended December 31, 2006.

Background Information

Consolidated Financial Statements of the Toronto Atmospheric Fund - Dec 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4077.pdf>)

Communications

(June 1, 2007) letter from Letter to TAF (May 28 07) from Browning, Milgram, Accountants (AU.Supp)
(<http://www.toronto.ca/legdocs/mmis/2007/au/comm/communicationfile-2245.pdf>)

6f Toronto Parking Authority - 2006 Audited Financial Statements and Audit Results

(April 26, 2007) report from the President, Toronto Parking Authority

Summary

Audited Financial Statements and Audit Results for the Toronto Parking Authority for the year ended December 31, 2006.

Background Information

Report (April 26 07) President, Toronto Parking Authority - 2006 Financial Stmtts
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4124.pdf>)
Toronto Parking Authority - Audited Financial Statements - Dec 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4125.pdf>)
Toronto Parking Authority - Audit Results Year Ended Dec 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4126.pdf>)

6g Toronto Public Library Board - Audited Financial Statements and Audit Results, Year Ended December 31, 2006

(May 30, 2007) report from the City Librarian

Summary

Audited Financial Statements and Audit Results for the Toronto Public Library Board for the year ended December 31, 2006.

Background Information

Report (May 30 07) City Librarian - 2006 Financial Statements
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4241.pdf>)
Toronto Public Library - Financial Statements December 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4242.pdf>)
Toronto Public Library - Audit Results December 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4243.pdf>)

6h Toronto Transit Commission - Consolidated Financial Statements for the Year Ended December 31, 2006

(May 9, 2007) report from the General Secretary, Toronto Transit Commission

Summary

Consolidated Financial Statements for the Toronto Transit Commission for the year ended December 31, 2006.

Background Information

Letter (May 9 07) TTC forwarding Consolidated Financial Statements
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4128.pdf>)
Report No. 15 (May 8 07) from TTC re Consolidated Financial Statements
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4129.pdf>)
Toronto Transit Commission - Consolidated Financial Statements, Dec 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4130.pdf>)
Letter (May 8 07) from TTC forwarding Page 6 of the Management Letter
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4131.pdf>)

6i Toronto Zoo - 2006 Financial Statements and Audit Results

(May 17, 2007) report from the Secretary, Board of Management of the Toronto Zoo

Summary

Financial Statements and Audit Results for the Board of Management of the Toronto Zoo for the year ended December 31, 2006.

Background Information

Letter (May 17 07) from Secretary, Toronto Zoo - Financial Statements
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4251.pdf>)
Toronto Zoo - Financial Statements for the Year Ended December 31, 2006
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4252.pdf>)
Letter (May 17 07) from Secretary, Toronto Zoo - 2006 Audit Results
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4253.pdf>)
Toronto Zoo - 2006 Audit Results
(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4254.pdf>)

6j Yonge - Dundas Square Board of Management Financial Statements 2006

Summary

Financial Statements for Yonge - Dundas Square Board of Management for the year ending December 31, 2006.

Background Information

Yonge - Dundas Financial Statements 2006

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4740.pdf>)

AU3.7	ACTION	Adopted		Ward: All
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Community Centres – 2006 Audited Financial Statements and Summary Management Letter

(May 31, 2007) report from the Auditor General

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive for information, the 2006 Audited Financial Statements and Summary Management Letter of Community Centers attached as Appendices.

Summary

The purpose of this report is to provide Audit Committee and City Council with the 2006 Audited Financial Statements and Summary Management Letter of Community Centres.

The 2006 audited financial statements for the ten Community Centres are presented to Audit Committee after approval by their respective Boards of Management. In addition, the accounting firm of Grant Thornton, the financial auditor for each of these entities, has provided a summary management letter for Community Centres outlining the results of the 2006 financial audits. According to Grant Thornton, individual management letters were not issued for these Community Centres, as there are no material control deficiencies to report.

Background Information

Report (May 31 07) Auditor General - Community Centres 2006 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4447.pdf>)

Appendix 1 - Applegrove

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4422.pdf>)

Appendix 2 - Cecil Street

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4423.pdf>)

Appendix 3 - Central Eglinton

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4424.pdf>)

Appendix 4 - Community Centre 55

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4425.pdf>)

Appendix 5 - 519 Church Street Community Centre

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4426.pdf>)

Appendix 6 - Eastview Neighbourhood Community Centre

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4427.pdf>)

Appendix 7 - Harbourfront Community Centre

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4428.pdf>)

Appendix 8 - Ralph Thornton Community Centre

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4429.pdf>)

Appendix 9 - Scadding Court

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4430.pdf>)

Appendix 10 - Swansea Town Hall

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4431.pdf>)

Appendix 11 - Summary Mgmt Letter

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4432.pdf>)

AU3.8	ACTION	Adopted		Ward: All
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TEDCO – 2005 Audited Financial Statements

Confidential - The security of the property of the municipality or local board

(May 31, 2007) report from Deputy City Manager Sue Corke

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive for information, the attached confidential 2005 Audited Financial Statements from TEDCO.
2. Contents of the confidential attachment to this report remain confidential in their entirety after the consideration of this report by City Council.

Summary

The purpose of this report is to provide Audit Committee and City Council with the 2005 Audited Financial Statements of the City of Toronto Economic Development Corporation (“TEDCO”).

The 2005 consolidated financial statements for TEDCO, audited by Ernst & Young LLP, Chartered Accountants are presented to Audit Committee after approval by TEDCO Board of Directors.

Background Information

Report (May 31 07) Deputy City Manager - TEDCO 2005 Financial Statements
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4421.pdf>

AU3.9	ACTION	Adopted		Ward: All
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Arenas – 2006 Audited Financial Statements and Summary Management Letter

(May 31, 2007) report from the Auditor General

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive for information, the 2006 Audited Financial Statements and Summary Management Letter of Arenas attached as Appendices.

Summary

The purpose of this report is to provide Audit Committee and City Council with the 2006 Audited Financial Statements and Summary Management Letter of Arenas.

The 2006 audited financial statements for the eight Arenas are presented to Audit Committee after approval by their respective Boards of Management. In addition, the accounting firm of Grant Thornton, the financial auditor for each of these entities, has provided a summary management letter for Arenas outlining the results of the 2006 financial audits. According to Grant Thornton, individual management letters were not issued for six Arenas, as there are no material control deficiencies to report. Two arenas have management letters which are not yet finalized. The letters for these two arenas will be tabled at the September 24, 2007 meeting of Audit Committee.

Background Information

Report (May 31 07) Auditor General - Arenas - 2006 Audited Financial Statements
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4441.pdf>

Arenas - Appendix 1 Forest Hill

<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4412.pdf>

Arenas - Appendix 2 George Bell

<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4413.pdf>

Arenas - Appendix 3 Leaside

<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4414.pdf>

Arenas - Appendix 4 McCormick

<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4415.pdf>

Arenas - Appendix 5 Moss Park

<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4416.pdf>

Arenas - Appendix 6 North Toronto

<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4417.pdf>

Arena - Appendix 7 Ted Reeve

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4418.pdf>)

Arena - Appendix 8 William H. Bolton

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4419.pdf>)

Arenas - Appendix 9 2006 Summary Mgmt Letter

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4420.pdf>)

AU3.10	INFORMATION	Received		Ward: All
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Auditor General's Audit Reports – Benefits to the City of Toronto – Annual Update

(May 22, 2007) report from the Auditor General

Summary

This report is in response to a request from Audit Committee and summarizes the estimated cumulative cost savings and the estimated increased revenues resulting from various reports issued by the Auditor General's Office from January 1, 2002 to December 31, 2006. This report also contains information relating to various audit reports containing administrative internal control recommendations made by the Auditor General's Office. The report shows that there is an estimated benefit to the City of \$5.02 for every dollar invested in the Auditor General's Office.

Background Information

Report (May 22 07) Auditor General - Audit Reports - Benefits to City of Toronto

(<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4257.pdf>)

Decision Advice and Other Information

The Audit Committee received the report (May 22, 2007) from the Auditor General, for information.

AU3.11	INFORMATION	Received		
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Auditor General's Office Review of Toronto Police Service – Court Services

(May 29, 2007) report from the Chair, Toronto Police Services Board

Summary

The purpose of this report is to provide the Audit Committee with a copy of the Terms of Reference for the Review of the Toronto Police Service – Courts Services.

Background Information

Report (May 29 07) Chair, TPSB - Auditor General's Review TPS - Court Services
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4406.pdf>

Decision Advice and Other Information

The Audit Committee received the report (May 29, 2007) from the Chair, Toronto Police Services Board, for information.

AU3.12	INFORMATION	Received		
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External Audit of the City's Auditor General's Office

(May 31, 2007) report from the Director, Internal Audit

Summary

To advise the Audit Committee of the results of the external audit of the Auditor General's Office.

Background Information

Report (May 31 07) Director, Internal Audit - External Audit of the AG's Office
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4403.pdf>
 Letter (May 25 07) from Hilborn Ellis Grant, Chartered Accountants
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4404.pdf>

12a Auditor General's Response to External Audit of the City's Auditor General's Office

(May 31, 2007) report from the Auditor General

Summary

The report dated May 25, 2007 submitted by the accounting firm of Hilborn Ellis Grant LLP outlines the scope of the work conducted in connection with the external audit of the Auditor General's compliance with corporate policies.

In reviewing the Auditor General's compliance with these policies Hilborn Ellis Grant LLP found that the Auditor General was in compliance with all policies except the one relating to "Long Distance charges".

The Auditor General's Office has implemented its own internal procedures which in our view mitigate any risk in relation to the reimbursement of personal long distance charges.

Background Information

Report (May 31 07) Auditor General - Response to External Audit
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4255.pdf>

Decision Advice and Other Information

The Audit Committee received for information:

1. the report (May 31, 2007) from the Director, Internal Audit; and
2. the report (May 31, 2007) from the Auditor General.

AU3.13	INFORMATION	Received		Ward: All
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Toronto Atmospheric Fund – Relationship with CAIT Ventures Inc.

(May 31, 2007) report from the Auditor General

Summary

In accordance with the request of Audit Committee, this report is to provide Audit Committee with correspondence prepared by the Executive Director of the Toronto Atmospheric Fund. Audit Committee requested details in connection with the organizational structure of a Toronto Atmospheric Fund subsidiary company called CAIT Ventures Inc.

Background Information

Report (May 31 07) Auditor General - TAF Relationship with CAIT Ventures Inc.
<http://www.toronto.ca/legdocs/mmis/2007/au/bgrd/backgroundfile-4256.pdf>

Decision Advice and Other Information

The Audit Committee received the report (May 31, 2007) from the Auditor General, for information.

Meeting Session

Session Date	Session Type	Start Time	End Time	Public or Closed Session
June 15, 2007	Morning	9:43 a.m.	11:34 a.m.	Public