

Audit Committee

Meeting No.	8	Contact	Rosemary MacKenzie, Council Administrator
Meeting Date	Thursday, July 10, 2008	Phone	416-392-8021
Start Time	9:30 AM	E-mail	rmacken@toronto.ca
Location	Committee Room 1, City Hall		

Audit Committee		
Councillor Doug Holyday, Chair	Councillor Rob Ford	Councillor Anthony Perruzza
Councillor Mike Del Grande, Vice-Chair	Councillor John Parker	Councillor Karen Stintz

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Declarations of Interest under the Municipal Conflict of Interest Act.

Confirmation of Minutes – April 22, 2008

Communications/Reports

AU8.1	Presentation			Ward: All
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City of Toronto - 2007 Audited Consolidated Financial Statements

(June 24, 2008) Report from Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council approve the City of Toronto's 2007 Consolidated Financial Statements for the year ended December 31, 2007 as attached in Appendix A.

Financial Impact

There are no financial implications as a result of this report.

Summary

The purpose of this report is to present the City of Toronto's Consolidated Financial Statements for the year ended December 31, 2007 to Council for approval and provide highlights of the City's 2007 financial performance and financial condition as of December 31, 2007.

Background Information

Report (June 24, 2008) from the Deputy City Manager and Chief Financial Officer - 2007 Audited Consolidated Financial Statements

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14401.pdf>

Appendix A - 2007 Consolidated Financial Statements

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14402.pdf>

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

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14403.pdf>

Appendix C - Five Year Summary of Consolidated Revenues and Expenditures

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14404.pdf>

AU8.2	Presentation			
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City of Toronto Audit Results - Year Ended December 31, 2007

(June 10, 2008) Report from Ernst & Young, Chartered Accountants

Recommendations

1. City Council receive for information, the City of Toronto Audit Results for the year ended December 31, 2007, 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.

The audit was designed to express an opinion on the December 31, 2007 consolidated financial statements of the City. In planning the audit, we held discussions with management, considered current and emerging business risks, performed an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We received the full support and assistance of the organization's personnel in conducting our audit.

Background Information

City of Toronto - Audit Results - Year Ended December 31, 2007
(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14447.pdf>)

(The report from Ernst & Young, titled “City of Toronto Audit Results - Year Ended December 31, 2007”, was distributed to Members of Council only. The complete report is available through the City Clerk’s Office.)

AU8.3	ACTION			
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Financial Statements for the Year Ended December 31, 2007 - Agencies, Boards and Commissions

Recommendations

1. City Council receive for information, the 2007 Financial Statements and related documents for the following agencies, boards and commissions:
 - Exhibition Place
 - Heritage Toronto
 - Toronto Hydro Corporation
 - The Sony Centre for the Performing Arts
 - St. Lawrence Centre for the Arts
 - Toronto Public Library
 - Toronto Transit Commission
 - Toronto Zoo
 - Yonge-Dundas Square Board of Management

Summary

2007 Financial Statements have been submitted to the Audit Committee for consideration by the following agencies, boards and commissions:

- Exhibition Place
- Heritage Toronto
- Toronto Hydro Corporation
- The Sony Centre for the Performing Arts
- St. Lawrence Centre for the Arts
- Toronto Public Library

- Toronto Transit Commission
- Toronto Zoo
- Yonge-Dundas Square Board of Management

3a Exhibition Place - 2007 Consolidated Financial Statements and 2007 Audit Results

(June 12, 2008) Report from the Chief Executive Officer, Exhibition Place

Summary

Audited Consolidated Financial Statements and Audit Results for Exhibition Place for the year ended December 31, 2007.

Background Information

Report (May 12, 2008) from the Chief Executive Officer, Exhibition Place, forwarding 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-13633.pdf>)

Consolidated Financial Statements - Board of Governors of Exhibition Place, December 31, 2007 (Ernst & Young)

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-13634.pdf>)

Report (May 12, 2008) from the Chief Executive Officer, Exhibition Place, forwarding 2007 Audit Results

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-13635.pdf>)

Board of Governors of Exhibition Place, Audit Results for the year ended December 31, 2007 (Ernst & Young)

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-13636.pdf>)

3b Heritage Toronto - Financial Statements December 31, 2007

Summary

Financial Statements for Heritage Toronto for the year ended December 31, 2007.

Background Information

Financial Statements for Heritage Toronto - December 31, 2007

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14454.pdf>)

3c Toronto Hydro Corporation - Consolidated 2007 Annual Financial Statements

(June 25, 2008) Letter from City Council

Summary

City Council on June 23 and 24, 2008, adopted Item EX21.6, headed "Toronto Hydro Corporation - Annual General Meeting, Audited Annual Financial Statements and Unaudited 1st Quarter 2008 Financial Results ", without amendment, and in so doing, referred the Toronto Hydro Corporation's Consolidated 2007 Annual Financial Statements in Attachment 2 to the Audit Committee for review.

Background Information

Letter from City Council (June 25, 2008) forwarding Toronto Hydro's Consolidated 2007 Annual Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14448.pdf>)

Cover report (May 14, 2008) from Deputy City Manager and Chief Financial Officer, submitting Toronto Hydro Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14449.pdf>)

Consolidated Financial Statements - Toronto Hydro Corporation, December 31, 2007

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14450.pdf>)

3d The Sony Centre for the Performing Arts - 2007 Audited Financial Statements

Summary

Audited Financial Statements for The Sony Centre for the Performing Arts for the year ended December 31, 2007.

Background Information

Financial Statements for The Sony Centre for the Performing Arts - December 31, 2007

(Ernst & Young)

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-13638.pdf>)

Audit Results Package - Sony Centre for the Performing Arts - December 31, 2007

(Ernst & Young)

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14453.pdf>)

3e St. Lawrence Centre for the Arts - Financial Statements December 31, 2007

Summary

Financial Statements for the St. Lawrence Centre for the Arts for the year ended December 31, 2007.

Background Information

Financial Statements - St. Lawrence Centre for the Arts, December 31, 2007

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14455.pdf>)

3f Toronto Public Library - 2007 Financial Statements and Audit Results

(May 29, 2008) Report from the City Librarian

Summary

Audited Financial Statements and Audit Results for the Toronto Public Library for the year ended December 31, 2007.

Background Information

Report (May 29, 2008) from the City Librarian, Toronto Public Library, forwarding 2007 Financial Statements and Audit Results

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14505.pdf>)

Audited Financial Statements - Toronto Public Library Board, December 31, 2007

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14506.pdf>)

Toronto Public Library Board, Audit Results for year ended December 31, 2007

(Ernst & Young)

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14507.pdf>)

3g Toronto Transit Commission - Consolidated Financial Statements for the Year Ended December 31, 2007

(May 22, 2008) Report from the General Secretary, Toronto Transit Commission

Summary

Consolidated Financial Statements for the Toronto Transit Commission for the year ended December 31, 2007.

Background Information

Letter (May 22, 2008) from the General Secretary, Toronto Transit Commission

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14451.pdf>)

Toronto Transit Commission Report No. 1(d) dated May 21, 2008

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14452.pdf>)

Consolidated Financial Statements - Toronto Transit Commission, December 31, 2007

(Ernst & Young)

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14503.pdf>)

3h Toronto Zoo Board of Management - 2007 Financial Statements

(May 22, 2008) Report from Secretary, Board of Management of the Toronto Zoo

Summary

Financial Statements for the Toronto Zoo Board of Management for the year ended December 31, 2007.

Background Information

Cover report (May 22, 2008) from the Secretary, Board of Management of the Toronto Zoo, forwarding 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-13808.pdf>)

Consolidated Financial Statements - Board of Management of the Toronto Zoo, December 31, 2007 (Ernst & Young)

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-13809.pdf>)

3i Yonge-Dundas Square Board of Management - 2007 Financial Statements

(April 22, 2008) Report from the General Manager, Yonge-Dundas Square Board of Management

Summary

Financial Statements for Yonge-Dundas Square Board of Management for the year ending December 31, 2007.

Background Information

Financial Statements for the Yonge-Dundas Square Board of Management - December 31, 2007 (Grant Thornton)

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-13637.pdf>)

AU8.4	Information			Ward: All
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City of Toronto Sinking Funds - 2007 Audited Financial Statements

(June 24, 2008) Report from the Treasurer

Summary

The purpose of this report is to present the City of Toronto's Sinking Fund Financial Statements for the year ended December 31, 2007 (Appendix A) to the Audit Committee for information

Background Information

Sinking Fund - 2007 Audited Financial Statements, report (June 24, 2008) from the Treasurer

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14444.pdf>)

City of Toronto Sinking Funds - Appendix A - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14445.pdf>)

City of Toronto Sinking Funds - Appendix B - 2007 Audit Results

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14446.pdf>)

AU8.5	ACTION			Ward: All
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City of Toronto Trust Funds - 2007 Consolidated Financial Statements

(June 25, 2008) Report from the Treasurer

Recommendations

The Treasurer recommends that:

1. City Council approve the 2007 Audited Trust Funds Consolidated Financial Statements as attached in Appendix A.

Financial Impact

There are no financial impacts resulting from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information

Summary

The purpose of this report is to present the City of Toronto's Consolidated Trust Funds Financial Statements for the year ended December 31, 2007 (Attachment A) to the Audit Committee for information.

Background Information

Report (June 25, 2008) from the Treasurer - Trust Funds - 2007 Audited Consolidated Financial Statements

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14397.pdf>

Trust Funds - Attachment A - 2007 Consolidated Financial Statements

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14398.pdf>

Trust Funds - Attachment B - 2007 Audit Results

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14399.pdf>

AU8.6	ACTION			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, 2007

(June 20, 2008) Report from the Auditor General

Recommendations

The Auditor General 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, 2007.

Financial Impact

The recommendation in this report has no financial impact.

Summary

The purpose of this report is to provide the 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, 2007.

The majority of audits of the City's agencies, boards and commissions have been completed and approved by their respective Boards. The one outstanding financial report, Toronto Economic Development Corporation will be available for the next Audit Committee meeting.

Background Information

Report (June 20, 2008) from the Auditor General - Status of the Financial Audits of the City's Agencies, Boards and Commissions for the Year Ended December 31, 2007

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14370.pdf>)

AU8.7	Information			Ward: All
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Inventory of Major Deposits

(June 23, 2008) Report from the Treasurer

Summary

This report provides a summary of the major deposits held by the City as at April 25, 2008, describes how they are administered and outlines the steps taken by staff to improve the management of these deposits.

Background Information

Inventory of Major Deposits staff report

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14365.pdf>)

Inventory of Major Deposits - Appendices A & B

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14366.pdf>)

AU8.8	ACTION			Ward: All
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Business Improvement Areas (BIAs) - 2007 Audited Financial Statements - Report No. 1

(June 19, 2008) Report from the Treasurer and the Director, Small Business and Local Partnerships, Economic Development, Culture and Tourism

Recommendations

The Treasurer and the Director, Small Business and Local Partnerships, Economic Development, Culture and Tourism recommend that:

1. City Council approve the 2007 audited financial statements and management letters of the Business Improvement Areas attached as Appendices A-1 to Y-1.

Financial Impact

There are no financial implications resulting from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Summary

The purpose of this report is to present the 2007 audited financial statements and management letters of twenty-four Business Improvement Areas (BIAs) to City Council for approval.

Background Information

Report (June 19, 2008) from the Treasurer and the Director, Small Business and Local Partnerships, Economic Development, Culture and Tourism - Business Improvement Areas - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14332.pdf>)

Appendix A-1 - Bloorcourt Village BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14333.pdf>)

Appendix B-1 - Bloor West Village BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14334.pdf>)

Appendix C-1 - Bloor-Yorkville BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14335.pdf>)

Appendix D-1 - Corso Italia BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14336.pdf>)

Appendix E-1 - Danforth Village BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14337.pdf>)

Appendix F-1 - Eglinton Hill BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14338.pdf>)

Appendix G-1 - Harbord Street BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14339.pdf>)

Appendix G-2 - Harbord Street Management Letter BIA

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14340.pdf>)

Appendix H-1 - Korea Town BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14341.pdf>)

Appendix I-1 - Lakeshore Village BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14342.pdf>)

Appendix J-1 - Liberty Village BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14343.pdf>)

Appendix K-1 - Little Italy BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14344.pdf>)

Appendix L-1 - Mimico by the Lake BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14345.pdf>)

Appendix M-1 - Old Cabbagetown BIA - 2007 Financial Statements

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14346.pdf>)
 Appendix N-1 - Parkdale Village BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14347.pdf>)
 Appendix O-1 - Queens Quay Harbourfront BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14348.pdf>)
 Appendix O-2 - Queens Quay Harbourfront Management Letter
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14349.pdf>)
 Appendix P-1 - Riverside BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14350.pdf>)
 Appendix Q-1 - Roncesvalles Village BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14351.pdf>)
 Appendix R-1 - Rosedale Mainstreet BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14352.pdf>)
 Appendix R-2 - Rosedale-Mainstreet Management Letter
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14353.pdf>)
 Appendix S-1 - Sheppard East Village BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14354.pdf>)
 Appendix T-1 - St. Clair Gardens BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14355.pdf>)
 Appendix U-1 - The Beach BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14356.pdf>)
 Appendix V-1 - The Danforth BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14357.pdf>)
 Appendix W-1 - Uptown Yonge BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14358.pdf>)
 Appendix X-1 - Yonge-Lawrence Village BIA - 2007 Financial Statements
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14359.pdf>)
 Appendix X-2 - Yonge-Lawrence Village Management Letter
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14360.pdf>)
 Appendix Y-1 - Summary Management Letter
 (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14361.pdf>)

(Appendices A-1 to Y-1 were distributed to Members of Council only and are available through the City Clerk's Office.)

AU8.9	ACTION			Ward: All
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Review of Affordable Housing Project at 2350 Finch Avenue West

(June 23, 2008) Report from the Auditor General

Recommendations

The Auditor General recommends that:

1. The Deputy City Manager responsible for the Affordable Housing Office coordinate with the City Solicitor to ensure City contracts with proponents developing affordable housing projects provide that:

- adequate controls are followed in hiring of contractors and consultants;
 - contracts include standard performance bonds and warranties; and
 - proponents prepare business case justifications for actions that deviate from the normal business practices, such as awarding a contract to the bidder other than the lowest bidder.
2. The Deputy City Manager responsible for the Affordable Housing Office develop procedures to monitor the controls exercised by proponents responsible for developing affordable housing projects.

Financial Impact

The implementation of recommendations in this report will improve management controls over management of affordable housing projects. The extent of any resources required or potential cost savings resulting from implementing the recommendations in this report is not determinable at this time.

Summary

We conducted a review of the Affordable Housing Project at 2350 Finch Avenue West at the request of City Council made at its meeting of June 19, 20 and 21, 2007. The request to carry out this review was supported by a significant majority of Council members, and accordingly the Auditor General included this review in his 2007 Audit Work Plan.

The objectives of this review were to determine how the project was awarded, why the project significantly exceeded initial cost estimates and finally, whether contractor payments were adequately supported and authorized.

The housing project at 2350 Finch Avenue West was one of the first projects initiated under the City's Let's Build Program. The problems encountered in the early years of the Program on this project, and other projects highlighted the need for changes to policies and procedures. As a result, the Affordable Housing Office developed new policies and procedures and incorporated changes in processes for initiating and managing affordable housing projects. Due to the fact that changes have already been made in the way projects of this nature are managed, our recommendations are limited to those areas where we feel additional improvements need to be made. These recommendations will further improve processes for selecting and monitoring affordable housing developments.

This report identifies problems encountered on this particular housing project. One of the fundamental issues and concerns in relation to the management of the project was the lack of a competitive process by the project owner, the Ghana Amansie Multicultural Association of Toronto (the Group) in the award of certain contracts. Without such a process, there is no assurance that the project was developed at the lowest possible cost.

The results of our review are outlined in the attached report dated May 28, 2008 and includes information available at that time. Subsequent to the completion of our report, the Deputy City Manager responsible for the Affordable Housing Office, in a June 2, 2008 report to the Affordable Housing Committee, has requested an additional grant of \$1.7 million to meet

additional completion and operating expenses on the project. These costs are in addition to those included in our report.

The June 2008 report also requested authority to transfer the project from the Group to the Toronto Community Housing Corporation. In the event that the project is transferred to Toronto Community Housing Corporation, the City may be exempt from Goods and Services Tax payments and eligible for a refund of any Goods and Services Tax amounts not previously rebated to the Group. This is an issue that requires further review by the Deputy City Manager responsible for the Affordable Housing Office.

Background Information

Report (June 23, 2008) from the Auditor General - Review of Affordable Housing Project at 2350 Finch Avenue West

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14406.pdf>

Appendix 1 - Review of Affordable Housing Project at 2350 Finch Avenue West

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14407.pdf>

Appendix 2 - Management's Response to the Auditor General's Review of Affordable Housing Project at 2350 Finch Avenue West

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14408.pdf>

AU8.10	ACTION			Ward: All
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Managing the Risk of Overpayments in the Administration of Social Assistance, Toronto Social Services

(May 13, 2008) Report from the Auditor General

Recommendations

The Auditor General recommends that:

1. The General Manager, Toronto Social Services, in the event that the Province does not amend its policy in relation to the recovery of certain benefit overpayments, be required to report to City Council on the following:
 - a. the amount of such non-recoverable overpayments; and
 - b. the administrative costs involved in determining the overpayment amounts.

2. The General Manager, Toronto Social Services, subsequent to any policy change by the Province, request the Province to amend the provincial information system such that it calculates overpayments consistent with provincial direction. The information system should exclude non-recoverable benefits from overpayments created by the system.

3. The General Manager, Toronto Social Services, give consideration to amending the extent of current participation reviews to include a component which addresses the financial status of all clients. Comprehensive participation reviews, which include a

financial component review currently conducted by certain area offices, be expanded as a best practice to all area offices.

4. The General Manager, Toronto Social Services, as part of the joint venture agreement with the Province on the development of an on-line client application process, advise the Province of the need to expand this joint venture to include the on-line reporting of client financial information changes.
5. The General Manager, Toronto Social Services, revise the current reporting processes in order to ensure that reports meet the requirements of the users. All such reports be developed in a manner which facilitates efficient and effective supervisory review. Evidence of such review be documented.
6. The General Manager, Toronto Social Services, continue ongoing deliberations with the Province in connection with the limitations of the provincial information system. These deliberations should reinforce the need for an efficient system that will reduce both the incidence of overpayments due to system error and the associated resources required to correct these errors.
7. The General Manager, Toronto Social Services, establish a case file standard in order to assist staff in preparing and retaining adequate documentation to support decisions concerning overpayments. The following minimum documentation requirements should be included in all files:
 - the reason for the overpayment;
 - the date the overpayment occurred;
 - documents that were verified or retained in the file;
 - any adjustments made and the amount; and
 - details of the amount of recovery initiated or an explanation as to why the recovery of an overpayment was deferred.
8. The General Manager, Toronto Social Services assess the risk and extent of resources required to determine whether or not there is value in maintaining the current requirement to review all overpayments originating from other municipalities.

Financial Impact

The implementation of recommendations in this report will improve the administration of overpayments related to providing social assistance. The extent of any resources required or efficiencies achieved from implementing the recommendations in this report is not determinable at the present time.

Summary

In 2005, the City of Toronto Auditor General issued a report titled, “Recovery of Social Assistance Overpayments, Toronto Social Services”. The review focused on the administration, monitoring and recovery of inactive social assistance overpayments (cases not currently receiving any assistance) and contained 14 recommendations. As of May 2008, 10 of the 14 recommendations have been implemented and there are divisional plans to implement the other four in 2008. This current report relating to active social assistance overpayments

was deferred to provide the Division adequate time to address the 2005 recommendations.

The integrity of the City’s social assistance program is contingent on ensuring that benefits are accurately paid and when overpayments occur they are effectively and efficiently administered.

The primary objective of this review was to determine why social assistance overpayments occur and to identify opportunities to prevent such overpayments. Further, we assessed whether the Division has adequate controls in place to ensure the effective and efficient administration of overpayments including compliance with legislative requirements and internal procedures and practices.

Our review found that Toronto Social Services has adequate processes in place to effectively administer overpayments. However, the implementation of the recommendations in this report will further improve existing controls and contribute to achieving administrative efficiencies.

Background Information

Report (May 13, 2008) from the Auditor General - Managing the Risk of Overpayments in the Administration of Social Assistance, Toronto Social Services

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14409.pdf>

Appendix 1 - Managing the Risk of Overpayments in the Administration of Social Assistance, Toronto Social Services

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14410.pdf>

Appendix 2 - Management's Response to the Auditor General's Review

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14411.pdf>

AU8.11	ACTION			Ward: All
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Auditor General’s Status Report on Outstanding Audit Recommendations for City Divisions

Confidential Attachment - 1. This report involves the security of property belonging to the City or one of its agencies, boards, and commissions. 2. This report is about litigation or potential litigation that affects the City or one of its agencies, boards, and commissions. 3. This report contains advice or communications subject to solicitor-client privilege.

(June 24, 2008) Report from the Auditor General

Recommendations

The Auditor General recommends that:

1. City Council receive this report for information.
2. City Council not authorize the public release of 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.

Financial Impact

The recommendations in this report have no financial impact.

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 third 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 continues to make progress on many recommendations not yet fully implemented.

The results of our review indicate management has fully implemented 690 or 85 per cent of the 919 recommendations made by the Auditor General from January 1, 1999 to June 30, 2007.

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

Background Information

Auditor General's report (June 24, 2008) - Auditor General's Status Report on Outstanding Audit Recommendations for City Divisions

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14377.pdf>

Attachment 2 - Auditor General's Status Report on Outstanding Audit Recommendations for City Divisions

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14378.pdf>

AU8.12	ACTION			Ward: All
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Auditor General's Status Report on Outstanding Audit Recommendations for City Agencies, Boards and Commissions

(June 1, 2008) Report from the Auditor General

Recommendations

The Auditor General recommends that:

1. City Council receive this report for information.

Financial Impact

The recommendations in this report have no financial impact.

Summary

This report provides information regarding the implementation status of audit recommendations contained in various reports issued by the Auditor General to the City's agencies, boards and commissions. The report is the second annual report issued by the Auditor General related to follow-up on management efforts to implement outstanding recommendations at the City's agencies, boards and commissions.

Management has made significant progress on implementing outstanding audit recommendations. Further, it appears management continues to make progress on recommendations not fully implemented.

The results of our review indicate that on a combined basis, City agencies, boards and commissions have implemented 90 per cent of the 135 recommendations made by the Auditor General from January 1, 1999 to June 30, 2007.

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

Background Information

Report (June 1, 2008) from the Auditor General - Auditor General's Status Report on Outstanding Audit Recommendations for City Agencies, Boards and Commissions (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14380.pdf>)

Appendix 1 - Board of Directors, Toronto Parking Authority (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14384.pdf>)

Appendix 2 - Toronto Police Services Board (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14385.pdf>)

Appendix 3 - Board of Health (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14386.pdf>)

Appendix 4 - Toronto Public Library Board (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14387.pdf>)

Appendix 5 - Board of Management of the Toronto Zoo (<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14388.pdf>)

12a Toronto Public Library Response to Auditor General's Report – Results of Follow-up of Previous Audit Recommendations

(June 30, 2008) Report from the City Librarian

Summary

This purpose of this report is to provide a response to the Auditor General's report on *Results of Follow-up of Previous Audit Recommendations* which provides the status of implementation of recommendations contained in their 2006 report *Fines and Income Review – Toronto Public Library*. The Auditor General's report was presented to the Toronto Public Library Board for information at its June 16, 2008 meeting.

Background Information

Report (June 30, 2008) from the City Librarian - Toronto Public Library Response to Auditor General's Report - Results of Follow-up of Previous Audit Recommendations

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14513.pdf>)

Attachment 1 - Toronto Public Library, Audit Recommendations Fully Implemented

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14514.pdf>)

Attachment 2 - Toronto Public Library - Audit Recommendations, Not Fully Implemented

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14515.pdf>)

AU8.13	ACTION			Ward: All
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Arenas – 2007 Audited Financial Statements and Management Letters

(June 20, 2008) Report from the Auditor General

Recommendations

The Auditor General recommends that:

1. City Council receive for information, the 2007 audited financial statements and management letters of Arenas attached as Appendices.

Financial Impact

The recommendation in this report has no financial impact.

Summary

The purpose of this report is to provide the Audit Committee and City Council with the 2007 audited financial statements and management letters of Arenas.

The 2007 audited financial statements for five out of eight Arenas are presented to the 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 issued management letters to seven Arenas of which three are not yet finalized. According to Grant Thornton, Forest Hill Memorial Arena did not receive a management letter as there are no material control deficiencies to report. The outstanding management letters and the financial statements for three Arenas will be tabled at the next meeting of Audit Committee.

Background Information

Report (June 20, 2008) Auditor General - Arenas - 2007 Audited Financial Statements and Management Letters

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14412.pdf>)

Arenas - Appendix 1 Forest Hill

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14413.pdf>)

Arenas - Appendix 2 George Bell

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14414.pdf>)

Arenas - Appendix 3 McCormick

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14415.pdf>

Arenas - Appendix 4 Moss Park

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14416.pdf>

Arenas - Appendix 5 William H. Bolton

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14417.pdf>

Arenas - Appendix 6 - George Bell Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14418.pdf>

Arenas - Appendix 7 McCormick Playground Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14419.pdf>

Arenas - Appendix 8 Moss Park Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14420.pdf>

Arenas - Appendix 9 William H Bolton Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14421.pdf>

(Appendices 1 to 9 were distributed to Members of Council only and are available through the City Clerk's Office.)

AU8.14	ACTION			Ward: All
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Community Centres – 2007 Audited Financial Statements and Management Letters

(June 20, 2008) Report from the Auditor General

Recommendations

The Auditor General recommends that:

1. City Council receive for information, the 2007 audited financial statements and management letters of Community Centres attached as Appendices.

Financial Impact

The recommendation in this report has no financial impact.

Summary

The purpose of this report is to provide the Audit Committee and City Council with the 2007 audited financial statements and management letters of Community Centres.

The 2007 audited financial statements and management letters for the ten Community Centres are presented to Audit Committee after approval by their respective Boards of Management.

Background Information

Report (June 20, 2008) Auditor General - Community Centres 2007 Audited Financial Statements and Management Letters

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14423.pdf>

Appendix 1 - Applegrove

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14424.pdf>

Appendix 2 - Cecil Street

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14425.pdf>

Appendix 3 - Central Eglinton

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14426.pdf>

Appendix 4 - Community Centre 55

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14427.pdf>

Appendix 5 - 519 Church Street Community Centre

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14428.pdf>

Appendix 6 - Eastview Neighbourhood Community Centre

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14429.pdf>

Appendix 7 - Harbourfront Community Centre

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14430.pdf>

Appendix 8 - Ralph Thornton Community Centre

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14431.pdf>

Appendix 9 - Scadding Court Community Centre

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14432.pdf>

Appendix 10 - Swansea Town Hall

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14433.pdf>

Appendix 11 - Applegrove Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14434.pdf>

Appendix 12 - Cecil Street Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14435.pdf>

Appendix 13 - Central Eglinton Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14436.pdf>

Appendix 14 - Community Centre 55 Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14437.pdf>

Appendix 15 - 519 Church Street Community Centre Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14438.pdf>

Appendix 16 - Eastview Neighbourhood Community Centre Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14439.pdf>

Appendix 17 - Harbourfront Community Centre Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14440.pdf>

Appendix 18 - Ralph Thornton Community Centre Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14441.pdf>

Appendix 19 - Scadding Court Community Centre Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14442.pdf>

Appendix 20 - Swansea Town Hall Community Centre Mgmt Letter

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14443.pdf>

(Appendices 1-20 were distributed to Members of Council only and are available through the City Clerk's Office.)

AU8.15	Presentation			
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Progress Report on the City's SAP Implementation

(June 24, 2008) Report from the Deputy City Manager and Chief Financial Officer

Summary

The purpose of this report is to provide the Audit Committee with a progress report on the implementation of the City's SAP installation in comparison with the original business case that was approved by Council in 1998.

Dave Wallace, Chief Information Officer, will make a presentation to the Audit Committee on the progress of the City's SAP Implementation.

Background Information

Progress Report on the City's SAP Implementation

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14422.pdf>

AU8.16	Information			
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Summary of Technical Contractor Expenses - Toronto Transit Commission

(June 25, 2008) Report from the Chief General Manager, Toronto Transit Commission

Summary

The Audit Committee, at its meeting of April 22, 2008, requested the Toronto Transit Commission to report back with a breakdown of certain consultant costs. The attached summary is provided in response to that request and reflects the actual costs incurred.

Background Information

Letter page 1 (June 25, 2008) from the Chief General Manager, Toronto Transit Commission
<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14457.pdf>

Letter page 2 (June 25, 2008) from the Chief General Manager, Toronto Transit Commission
<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14458.pdf>

Summary - TTC Technical Contractor Expenses

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-14459.pdf>