
Audit Committee

Meeting No.	7	Contact	Rosemary MacKenzie, Council Administrator
Meeting Date	Tuesday, April 22, 2008	Phone	416-392-8021
Start Time	9:30 AM	E-mail	rmacken@toronto.ca
Location	Committee Room 1, City Hall		

Attendance

Members of the Audit Committee were present for some or all of the time periods indicated under the section headed “Meeting Sessions”, which appears at the end of the Minutes.

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

Confirmation of Minutes

On motion by Councillor Stintz, the Minutes of the meeting of the Audit Committee held on February 22, 2008, were confirmed.

AU7.1	Information	Received		
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External Audit of the City’s Auditor General’s Office

(March 26, 2008) Report from Robert Gore & Associates, Chartered Accountants

Summary

To advise the Audit Committee of the results of the external audit of the Auditor General’s Office, noting that they are satisfied that the Auditor General’s Office is in compliance with the applicable City of Toronto policies.

Speakers

Mr. Robert Gore, Robert Gore & Associates, Chartered Accountants

Decision Advice and Other Information

The Audit Committee received for information, the report (March 26, 2008) from Robert Gore & Associates, Chartered Accountants.

Motions

*Motion to Receive Item moved by Councillor Doug Holyday (**Carried**)*

That the Audit Committee receive for information, the report (March 26, 2008) from Robert Gore & Associates, Chartered Accountants.

Links to Background Information

Report from Robert Gore & Associates (March 26, 2008) Auditor General's Office - Special Purpose Audit to Determine Compliance with Section 169-30.5 of the City of Toronto's Municipal Code

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-11817.pdf>

AU7.2	Information	Amended		
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Toronto Transit Commission - Information Technology Projects, Opportunities for Improvements

(February 28, 2008) Letter from the General Secretary, Toronto Transit Commission

Summary

The Toronto Transit Commission considered a report (January 14, 2008) from the City's Auditor General, entitled "The Management of Information Technology Projects - Opportunities for Improvement, Toronto Transit Commission". The Commission received the report for information, and directed staff to forward the report to the City Audit Committee for information.

In 2006, as part of the City Auditor General's schedule of audits, the TTC Information Technology Services (ITS) Department was identified as an area for review. I.T. related projects are traditionally considered to be very complex and difficult to manage. Therefore, the City Auditor wished to examine the activities at the TTC. As the report outlines, the audit reviewed projects that commenced in 2001 and auditors tracked activities through December 31, 2006.

The Audit report identifies 15 areas with opportunities for improvements. As a result of previous TTC Internal Audit report findings, many of these opportunities had been identified and I.T.S. staff had already put in place corrective actions. As a result, 9 of the 15 identified areas have already been addressed and are therefore marked 'complete'. The remaining items have been acknowledged by staff and activities and timelines to address the issues have been

laid out, as reflected in the Management Responses Section of the report.

Decision Advice and Other Information

The Audit Committee:

1. requested the Deputy City Manager and Chief Financial Officer to report to the next meeting of the Audit Committee on July 10, 2008, providing the original business case information for SAP as it applies to the City and its agencies, boards and commissions, including an update on the current and planned development of the SAP system;
2. requested the Toronto Transit Commission to report to the Audit Committee with a breakdown of the following consultant costs, with information on who received the contract, and how much each contract was worth:
 - from 2001-2005, over 150 consultants hired by the TTC at an approximate cost of \$29 million; and
 - in 2006, \$9.5 million spent by the TTC on external consultants; and
3. received for information, the letter (February 28, 2008) from the General Secretary, Toronto Transit Commission, and the related attachments.

Motions

Motion to Amend Item (Additional) moved by Councillor Mike Del Grande (Carried)

That the Deputy City Manager and Chief Financial Officer be requested to report to the next meeting of the Audit Committee on July 10, 2008, providing the original business case information for SAP as it applies to the City and its agencies, boards and commissions, including an update to the current and planned development of the SAP system.

Motion to Amend Item (Additional) moved by Councillor Rob Ford (Carried)

That the Audit Committee request the Toronto Transit Commission to report to the Audit Committee with a breakdown of the following consulting costs, with information on who received the contract, and how much each contract was worth:

- from 2001-2005, over 150 consultants hired by the TTC at an approximate cost of \$29 million; and
- in 2006, \$9.5 million spent by the TTC on external consultants.

Motion to Receive Item moved by Councillor Doug Holyday (Carried)

That the Audit Committee receive for information, the letter (February 28, 2008) from the General Secretary, Toronto Transit Commission, and the related attachments.

Links to Background Information

Cover Letter (February 28, 2008) from the General Secretary, TTC

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-11799.pdf>)

TTC Report No. 19 (February 27, 2008) Subject: City Auditor General's Report "Information Technology Projects - Opportunities for Improvements"

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-11800.pdf>)

Report (January 14, 2008) from the Auditor General

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-11801.pdf>)

Appendix 1 to the Auditor General's Report

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-11802.pdf>)

Appendix 2 - Management's Response

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-11803.pdf>)

AU7.3	ACTION	Adopted		Ward: All
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Disaster Recovery Planning for City Computer Facilities

(April 3, 2008) Report from the Auditor General

Recommendations

The Auditor General recommends that:

1. The City Manager develop a formal disaster recovery planning and preparedness protocol with the Agencies, Boards and Commissions. The protocol should ensure coordination, collaboration and communication related to computer facility disaster recovery planning and preparedness.
2. The City Manager implement a disaster recovery and business continuity program that includes divisional roles and responsibilities, resource and training requirements, and simulation and plan maintenance schedules.
3. The Chief Information Officer to report to the Business Advisory Panel on a periodic basis. Such reporting to include updates on disaster recovery planning and preparedness for information technology systems.
4. The Chief Information Officer take action to ensure management responsible for maintaining City computer systems receive timely direction, guidance and training on preparing consistent City-wide disaster recovery plans.
5. The Chief Information Officer review the backup and storage procedures of City information technology units for:
 - a. compliance with acceptable standards and practices for data backup and storage requirements; and
 - b. provide divisions with the opportunity to participate in existing data storage arrangements within the City or with the outside service provider.
6. The City Manager, in consultation with the Chief Information Officer, direct divisions to test information technology disaster recovery plans on a regular basis.

7. The Chief Information Officer develop disaster recovery testing guidelines and provide training necessary to ensure cross-divisional consistency.

Financial Impact

The implementation of recommendations in this report will improve management controls over disaster recovery planning for City computer facilities. 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

The objective of our audit was to review the working relationship between the City and its Agencies, Boards and Commissions in relation to information technology disaster recovery planning, City disaster recovery planning policies and procedures and the role of the Information and Technology Division in the creating, coordinating and overseeing disaster recovery planning initiatives for City computer facilities.

Certain additional work is needed in order to protect and maintain critical City information technology resources in the event of an extended service disruption or disaster. As the City's Information Technology Governance and Transformation Project unfolds, management should place a high priority on addressing the challenges and gaps identified in this report in disaster recovery planning and preparedness.

The implementation of the recommendations in the report will improve the City's approach to disaster recovery planning for City computer facilities to minimize the negative effects of extended computer service interruptions and maintain critical public services in the event of a disaster.

Committee Recommendations

The Audit Committee recommends that:

1. The City Manager develop a formal disaster recovery planning and preparedness protocol with the Agencies, Boards and Commissions. The protocol should ensure coordination, collaboration and communication related to computer facility disaster recovery planning and preparedness.
2. The City Manager implement a disaster recovery and business continuity program that includes divisional roles and responsibilities, resource and training requirements, and simulation and plan maintenance schedules.
3. The Chief Information Officer to report to the Business Advisory Panel on a periodic basis. Such reporting to include updates on disaster recovery planning and preparedness for information technology systems.
4. The Chief Information Officer take action to ensure management responsible for maintaining City computer systems receive timely direction, guidance and training on preparing consistent City-wide disaster recovery plans.
5. The Chief Information Officer review the backup and storage procedures of City

information technology units for:

- a. compliance with acceptable standards and practices for data backup and storage requirements; and
 - b. divisions with the opportunity to participate in existing data storage arrangements within the City or with the outside service provider.
6. The City Manager, in consultation with the Chief Information Officer, direct divisions to test information technology disaster recovery plans on a regular basis.
7. The Chief Information Officer develop disaster recovery testing guidelines and provide training necessary to ensure cross-divisional consistency.

Decision Advice and Other Information

Mr. Alan Ash, Director, Auditor General's Office, and Mr. Dave Wallace, Chief Information Officer, made a presentation to the Audit Committee on Disaster Recovery Planning for City Computer Facilities, and filed a copy of their presentation materials.

Motions

Motion to Adopt Item moved by Councillor John Parker (Carried)

That the Audit Committee recommend to City Council, adoption of the recommendations contained in the report (April 3, 2008) from the Auditor General.

Links to Background Information

Disaster Recovery Planning for City Computer Facilities - report (April 3, 2008) from the Auditor General

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-12053.pdf>)

Appendix 1

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-12054.pdf>)

Appendix 2 Management's Response

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-12055.pdf>)

AU7.4	ACTION	Adopted		Ward: All
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Request for Proposal 9171-08-7025, External Audit Services for Arenas, Community Centres and Miscellaneous Entities

(April 4, 2008) Report from the Auditor General and the Director, Purchasing and Materials Management

Recommendations

The Auditor General and the Director of Purchasing and Materials Management recommend that:

1. authority be granted to enter into an agreement in the amount of \$646,095.00 net of GST to Grant Thornton LLP having submitted the highest scoring proposal meeting the requirements of the RFP for external audit services to perform the financial statement audits for City Arenas, Community Centres and Miscellaneous Entities for the years 2008 to 2012 inclusive; and
2. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The total contract award identified in this report is \$678,399.75, including all applicable taxes and charges. The cost to the City net of GST is \$646,095.00. The total annual audit fees for the three categories of entities (Arenas, Community Centres and Miscellaneous Entities) listed in Attachment 1 for the years 2008 to 2012 inclusive are shown in the table below. The cost of audit fees (excluding 2008 fees for the Clean Air Partnership and the Toronto Atmospheric Fund) for 2008 is \$108,100.00, representing a 55% increase over 2007 audit fees. Audit fees will increase by \$190 per year per entity for the years 2009-2012, representing annual increases of approximately 3-4%.

Arenas (net of GST)	Community Centres (net of GST)	Miscellaneous Entities (net of GST)	Total (net of GST)
\$219,450.00	\$307,895.00	\$118,750.00	\$646,095.00

Each entity is responsible for providing for these fees in their respective budgets.

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

Summary

The purpose of this report is to advise on the results of Request for Proposal (RFP) 9171-08-7025 for external audit services to perform the financial statement audits for City Arenas, Community Centres and Miscellaneous Entities (Heritage Toronto, Yonge-Dundas Square, the Toronto Atmospheric Fund and the Clean Air Partnership) for the years 2008 to 2012 inclusive and to request authority to enter into an agreement with the recommended proponent.

Committee Recommendations

The Audit Committee recommends that:

1. Authority be granted to enter into an agreement in the amount of \$646,095.00 net of GST to Grant Thornton LLP having submitted the highest scoring proposal meeting the requirements of the RFP for external audit services to perform the financial statement audits for City Arenas, Community Centres and Miscellaneous Entities for the years 2008 to 2012 inclusive.
2. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Motions

Motion to Adopt Item moved by Councillor Karen Stintz (Carried)

That the Audit Committee recommend to City Council, adoption of the recommendations contained in the report (April 4, 2008) from the Auditor General and the Director, Purchasing and Materials Management.

Links to Background Information

Request for Proposals 9171-08-7025 - External Audit Services for Arenas, Community Centres and Misc. Entities - staff report (April 4/08)

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-12051.pdf>

AU7.5	Information	Received		Ward: All
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Status on Various Audit Projects

(April 2, 2008) Report from the Auditor General

Summary

The purpose of this report is to provide Audit Committee with a status report on various audit projects.

Decision Advice and Other Information

The Audit Committee received for information, the report (April 2, 2008) from the Auditor General.

Motions

Motion to Receive Item moved by Councillor Karen Stintz (Carried)

That the Audit Committee receive for information, the report (April 2, 2008) from the Auditor General.

Links to Background Information

Status on Various Audit Projects - report (April 2, 2008) from the Auditor General

<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-12050.pdf>

(Deferred from February 22, 2008 - 2008.AU6.9)

AU7.6	Information	Received		Ward: All
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Review of City of Toronto Pandemic Planning and Preparedness

(February 8, 2008) Report from the Auditor General

Summary

The Auditor General presented the findings, conclusions and recommendations from his report to the Toronto Board of Health in December 2007.

Because the City's pandemic planning is still in progress, the purpose of the audit was to provide a snapshot of what the City has accomplished and what work remains to be completed in preparing for a pandemic emergency. The overall audit question is: "To the extent possible, how prepared is the City for a potentially severe pandemic?" We are cognizant that this should only be answered within the context of what the City can realistically achieve as a municipal government in pandemic planning, in particular considering the City's current fiscal constraints and the need for provincial and federal guidance and coordination. In addition, the substantial degree of uncertainty surrounding a possible pandemic influenza makes planning for a pandemic emergency a complex and difficult task.

The City has undertaken a number of planning activities, and is working towards implementing key actions such as stockpiling personal protective equipment and essential operational supplies. Certain important pandemic public health measures remain to be completed, some of which are dependent upon federal or provincial guidance. The City has established a framework for pandemic planning and preparedness in which public health related planning is led by Toronto Public Health, and corporate planning for continuity of operations is led by the Pandemic Influenza Steering Committee. Our audit noted certain challenges and gaps in the pandemic planning and preparedness process, and as a result our report includes a number of recommendations to help strengthen the existing accountability framework and corporate coordination, as well as enhancing the completion of pandemic public health planning.

Decision Advice and Other Information

The Audit Committee received for information, the report (February 8, 2008) from the Auditor General.

Motions

Motion to Receive Item moved by Councillor Anthony Perruzza (Carried)

That the Audit Committee receive for information, the report (February 8, 2008) from the Auditor General.

Links to Background Information

Review of City of Toronto Pandemic Planning and Preparedness - report (February 8, 2008) from the Auditor General

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-11798.pdf>)

AU7.7	ACTION	Adopted		
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Financial Statements for the year ended December 31, 2007 - The North York Performing Arts Centre Corporation

(December 31, 2007) Report from The North York Performing Arts Centre Corporation

Recommendations

That City Council receive for information, the 2007 Financial Statements of The North York Performing Arts Centre Corporation [operating as “The Toronto Centre for the Arts”].

Summary

The North York Performing Arts Centre Corporation [operating as ‘The Toronto Centre for the Arts’] has submitted 2007 Financial Statements to the Audit Committee for consideration.

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive for information, the 2007 Financial Statements for The North York Performing Arts Centre Corporation.

Decision Advice and Other Information

The Audit Committee requested The North York Performing Arts Centre Corporation to submit directly to City Council for its meeting on May 26, 2008, the actual contribution amount the City of Toronto has had to make to the Corporation since amalgamation.

Motions

Motion to Amend Item (Additional) moved by Councillor Doug Holyday (Carried)

That the North York Performing Arts Centre be requested to submit directly to City Council for its meeting on May 28, 2008, the actual contribution amount the City of Toronto has had to make to the Corporation since amalgamation.

Motion to Receive Item moved by Councillor Doug Holyday (Carried)

That the Audit Committee recommend that City Council receive for information, the 2007 Financial Statements for The North York Performing Arts Centre Corporation.

Motion to Extend the Meeting moved by Councillor Anthony Perruzza (Carried)

That the Audit Committee remain in session past the scheduled 12:30 p.m. recess in order to complete Item AU7.7, headed “Financial Statements for the year ended December 31, 2007 - The North York Performing Arts Centre Corporation”.

Links to Background Information

Financial Statements for the year ended December 31, 2007 - The North York Performing Arts Centre Corporation

(<http://www.toronto.ca/legdocs/mmis/2008/au/bgrd/backgroundfile-12031.pdf>)

Meeting Sessions

Session Date	Session Type	Start Time	End Time	Public or Closed Session
2008-04-22	Morning	9:30 AM	12:40 PM	Public

Chair