

**THE CITY OF TORONTO**

**Clerk's Department**

**Minutes of the Audit Committee**

**Meeting No. 4**

**Tuesday, June 19, 2001**

The Audit Committee met on Tuesday, June 19, 2001, in Committee Room 1, 2nd Floor, City Hall, commencing at 9:30 a.m.

On motion by Councillor Altobello, the Minutes of the Meeting held on April 11, 2001 were confirmed.

**4.1 Ernst and Young External Auditors - Verbal Update on 2000 Financial Audit**

The Audit Committee received an oral presentation from Ms. Diana Brouwer and Ms. Martha Tory, Ernst and Young.

On motion by Councillor Holyday, the Audit Committee also adjourned its public session, in accordance with the Municipal Act, to meet in Camera to discuss this matter, having regard that such discussions dealt with the security of the property of the municipality or local board.

On motion by Councillor Balkissoon, with Councillor Holyday in the Chair, the Audit Committee recommended that the Chief Administrative Officer and Acting Chief Financial Officer and Treasurer submit to the Administration Committee and thereon to City Council, as soon as possible, a comprehensive review of the Finance Department, particularly the Accounting Services Division, such review to contain action plans to resolve the issues surrounding personnel and personnel skill levels within this Division, and other divisions of the Department.

The following motion by Councillor Bussin was voted on and lost:

“That, in submitting the City’s report to the Province under the Municipal Performance Measure Program, the City also submit the staff hours involved, with real costs attached, in preparing the report.”

**(Report 6, Clause 4)**

#### **4.2 Report on the Status of Fraud and Related Matters as of June 1, 2001**

The Audit Committee had before it a report (June 1, 2001) from the City Auditor respecting Status of Fraud and Related Matters as of June 1, 2001, and recommending that this report be received for information.

On motion by Councillor Altobello, the Audit Committee received the foregoing report.

(Letter sent to: City Auditor – June 20, 2001)

#### **4.3 Periodic Reporting of Financial Information**

The Audit Committee had before it a report (June 5, 2001) from the City Auditor respecting Periodic Reporting of Financial Information, and recommending that the Chief Financial Officer and Treasurer include appropriately detailed information on the City's assets and liabilities, including Reserve and Reserve Fund balances, in the interim variance reporting currently made to City Council.

On motion by Councillor Balkissoon, with Councillor Altobello in the Chair, the Audit Committee recommended that the Chief Financial Officer and Treasurer include appropriately detailed information on the City's assets and liabilities, including Reserve and Reserve Fund balances, in the interim variance reporting currently made to City Council, such information to be provided at the same time as the variance reports are submitted.

**(Report 6, Clause 5)**

#### **4.4 Review of Departmental Purchase Orders**

The Audit Committee had before it a report (May 8, 2001) from the City Auditor respecting Review of Departmental Purchase Orders, and recommending that:

- (1) the Chief Financial Officer and Treasurer be requested to amend the existing Purchasing and administrative procedures such that a purchase limit of \$3,000 is established, whereby a minimum of three quotes must be obtained and that such quotes be properly documented on the Quotation Summary section of the Departmental Purchase Order;
- (2) the Chief Administrative Officer, in consultation with the Director, Purchasing and Materials Management, reiterate to department heads the circumstances in which normal purchasing procedures may be bypassed and emphasize the need for improved procurement planning;

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- (3) the Departments be required to forward a copy of all emergency and sole source Departmental Purchase Orders greater than \$3,000 to the Purchasing and Materials Management Division for monitoring to ensure compliance with the Purchasing by-law and to identify potential opportunities for more efficient and cost effective ways, such as through the use of blanket or open purchase orders, for procuring such goods and services;
- (4) the Chief Administrative Officer advise all department heads that quotes must be obtained for all consulting assignments procured with a Departmental Purchase Order, to ensure that the price is competitive, even where price is not the main determining factor in the selection process;
- (5) the Chief Administrative Officer advise department heads of the need to determine whether the City has an existing price agreement for a particular goods/service prior to procuring such items through a Departmental Purchase Order with another supplier;
- (6) the Chief Financial Officer and Treasurer, in consultation with departments, continue to analyze purchasing patterns across the City with a view to identifying opportunities where contracts or price agreements could be negotiated for commonly used goods/services; and
- (7) the Chief Administrative Officer advise department heads of the need for their respective departments to comply with the Corporate Purchasing Policies and by-law and remind them of their responsibility in this regard including adherence to the requirement that a Departmental Purchase Order or Purchase Order be issued for all purchases exceeding \$200 and, that the practice of splitting purchases be discontinued.

On motion by Councillor Minnan-Wong, the Audit Committee recommended that:

- (1) the foregoing report (May 8, 2001) from the City Auditor be adopted; and
- (2) the City Auditor report to the Audit Committee on enforcement and compliance measures respecting:
  - (a) splitting of purchase orders;
  - (b) sole sources purchases; and
  - (c) the determination whether the City has a pre-existing agreement prior to procuring items through a Departmental Purchase Order with another supplier.

**(Report 6, Clause 1)**

#### **4.5 Disposition of Additional Audit Projects and Impact on 2001 Work Plan**

The Audit Committee had before it a report (June 8, 2001) from the City Auditor respecting Disposition of Additional Audit Projects and Impact on 2001 Work Plan, and recommending that:

- (1) as a result of the significant number of audit requests received from Council and its Committees to date and potentially for the remainder of 2001, the City Auditor be authorized to amend his 2001 Work Plan as required and, if necessary, defer certain projects to 2002; and
- (2) the disposition of the additional audit projects, as outlined in the body of this report, be approved.

On motion by Councillor Altobello, the Audit Committee recommended the adoption of the foregoing report (June 8, 2001) from the City Auditor.

**(Report 6, Clause 2)**

#### **4.6 Terms of Reference**

The Audit Committee had before it a report (June 3, 2001) from the City Auditor respecting Terms of Reference, and recommending that this report be received for information.

On motion by Councillor Balkissoon, with Councillor Altobello in the Chair, the Audit Committee recommended that the foregoing report (June 3, 2001) from the City Auditor be adopted, subject to amending the Section D(a). of the Audit Objectives and Scope of the Waste and Wastewater Reserves Audit to read:

- “(a) ensure that all additions to and withdrawals from reserves and reserve funds since amalgamation were approved by Council, in accordance with the by-law establishing the fund. All transactions not in accordance with the by-law to be reported out in this Audit, detailing when and how Council authorized the said transaction.”

**(Report 6, Clause 6)**

**4.7 Participation in the Peer Review of the Kansas City Auditor's Office**

The Audit Committee had before it a report (May 31, 2001) from the City Auditor respecting Participation in the Peer Review of the Kansas City Auditor's Office, and recommending that this report be received for information.

On motion by Councillor Altobello, the Audit Committee received the foregoing report.

(Letter sent to: City Auditor – June 20, 2001)

**4.8 Implementation of City Auditor Recommendations Regarding City Grant Programs**

The Audit Committee had before it a report (June 6, 2001) from the Chief Administrative Officer respecting Implementation of City Auditor respecting Recommendations regarding City Grant Programs, and recommending that this report be received for information.

On motion by Councillor Altobello, the Audit Committee received the foregoing report.

(Letter sent to Chief Administrative Officer – June 20, 2001)

**4.9 Status Report on Cash Controls – Parks and Recreation Division (All Wards)**

The Audit Committee had before it a communication (May 7, 2001) from the City Clerk, forwarding Clause 18 of Economic Development and Parks Committee Report No. 3 titled, "Status Report on Cash Controls – Parks and Recreation Division (All Wards)", which was adopted by City Council, without amendment, at its regular meeting held on April 23, 24, 25, 26 and 27, 2001 and its special meeting held on April 30, May 1 and 2, 2001

On motion by Councillor Altobello, the Audit Committee received the foregoing communication.

**4.10. 2000 Financial Statements - Board of Governors of Exhibition Place**

The Audit Committee had before it a report (May 25, 2001) from the General Manager & CEO, Exhibition Place respecting 2000 Financial Statements - Board of Governors of Exhibition Place, and recommending that:

- (1) City Council receive for information the Audited Financial Statements pertaining to the operations of Exhibition Place for the year ended December 31, 2000; and

- (2) The appropriate Exhibition Place and City Officials be authorized and directed to take the necessary action to give effect thereto.

On motion by Councillor Altobello, the Audit Committee recommended that:

- (1) City Council receive for information the Audited Financial Statements pertaining to the operations of Exhibition Place for the year ended December 31, 2000; and
- (2) The appropriate Exhibition Place and City Officials be authorized and directed to take the necessary action to give effect thereto

**(Report 6, Clause 3)**

**4.11 Interim Update: Response to the “Review of the Investigation of Sexual Assault – Toronto Police Service”**

The Audit Committee had before it a report (May 7, 2001) from the Chairman, Toronto Police Services Board respecting Interim Update: Response to the “Review of the Investigation of Sexual Assault – Toronto Police Service”, and recommending that the Audit Committee receive this report.

On motion by Councillor Altobello, the Audit Committee received the foregoing report.

(Letter sent to Chair, Toronto Police Services Board – June 20, 2001)

**4.12 Contract Management Procedures – Transportation Services Division, Works And Emergency Services**

The Audit Committee had before it a report (June 15, 2001) from the Commissioner of Works and Emergency Services respecting Contract Management Procedures – Transportation Services Division, Works and Emergency Services, and recommending that:

- (1) this report be received for information; and
- (2) additional senior inspectors be hired when additional resources or funding is made available.

On motion by Councillor Balkissoon, with Councillor Altobello in the Chair, the Audit Committee referred the foregoing report to the City Auditor and the Commissioner of Works and Emergency Services to comment on the risks and cost factors involved with respect to the hiring of additional senior inspectors to ensure proper adherence to the quality assurance program.

(Letter sent to Commissioner of Works and Emergency Services; City Auditor – June 20, 2001)

#### **4.13 Toronto Police Service Public Complaints Process – Terms of Reference**

On motion by Councillor Balkissoon, with Councillor Altobello in the Chair, the Audit Committee allowed the introduction of a report (June 18, 2001) from the Chairman, Toronto Police Services Board respecting Toronto Police Service Public Complaints Process – Terms of Reference, and recommending that the Audit Committee receive this report.

On further motion by Councillor Balkissoon, with Councillor Altobello in the Chair, the Audit Committee received the foregoing report.

(Letter sent to Chair, Toronto Police Services Board – June 20, 2001)

#### **4.14 Outstanding Report Requests**

The Audit Committee had before it a report (undated) from the Acting City Clerk, Audit Committee respecting Outstanding Report Requests.

On motion by Councillor Balkissoon, the Audit Committee requested the Acting City Clerk to confirm with appropriate officials the date of submission of report requests to the Committee.

(Letter sent to Chief Administrative Officer – June 20, 2001)

The Committee adjourned at 12:20 p.m.

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**Attendance:**

June 19, 2001	9:30 – 12:15 p.m.	12:15 p.m. – 12:20 p.m. (In Camera)
Balkissoon (Chair)	x	x
Holyday (Vice-Chair)	x	x
Altobello	x	x
Bussin	x	x
Milczyn	x	x
Minnan-Wong	x	-

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

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Chair