

THE CITY OF TORONTO

Clerk's Department

Minutes of the Audit Committee

Meeting No. 4

Wednesday, September 25, 2002

The Audit Committee met on Wednesday, September 25, 2002 in Committee Room 1, 2nd Floor, City Hall, commencing at 9:30 a.m.

On motion by Councillor Walker, the Minutes of the Meeting held on April 11, 2002 were confirmed.

4.1 Annual Report on the Status of Fraud and Related Matters

The Audit Committee had before it a report (September 4, 2002) from City Auditor submitting Annual Report on the Status of Fraud and Related Matters and recommending that this report be received for information.

On motion by Councillor Walker, the Audit Committee received the foregoing report for information.

(Letter sent to: City Auditor - September 26, 2002)

(Report No. 8, Clause 10(a))

4.2 Sick Leave Benefits Liability Review

The Audit Committee had before it a report (August 27, 2002) from the City Auditor respecting Sick Leave Benefits Liability Review and recommending that this report be received for information.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee recommended that:

- (1) the report (August 27, 2002) from the City Auditor be referred to the Policy and Finance Committee, with the request that the Chief Administrative Officer consider the findings of the report and report to the Policy and Finance and Audit Committees in three months on a policy to reduce sick leave benefit liability for non-union staff and the City's Agencies, Boards and Commissions;
- (2) the report (August 27, 2002) from the City Auditor be forwarded to the Administration Committee for information.

(Report No. 8, Clause 6)

4.3 Works Best Practices – Quality Assurance/Quality Control

The Audit Committee had before it a report (September 3, 2002) respecting Works Best Practices - Quality Assurance/Quality Control.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, The Audit Committee recommended that:

- (1) the current budget (as approved by the City through change orders from time to time) for each deliverable in the Program Integration & Co-ordination (PIC) contract be strictly enforced, and any additional PIC project management costs caused by failure of the PIC consultant to properly manage the Process Control System design consultants be absorbed by the PIC consultant;
- (2) consideration be given to incorporating penalty and/or performance incentive clauses in future Works Best Practices Program contracts for schedule delays/late deliveries or early completion of the contracts that may result in additional costs or savings;
- (3) to avoid any dispute with the PIC consultant, the voucher payment certificate clearly indicate what each sign off by the consultant represents; and
- (4) the City Auditor review the best practices of Enwave District Energy Limited in this regard, particularly with a view to expanding the process for all contracts on a City-wide basis, and report to the Audit Committee at its meeting to be held on November 22, 2002.

(Report No. 8, Clause 1)

4.4 The City's Funding Relationship with Childcare Programs including the Childcare Occupancy Cost Agreements with the Boards of Education

The Audit Committee had before it a report (August 9, 2002) from the Commissioner of Community and Neighbourhood Services, respecting the City's Funding Relationship with Childcare Programs including the Childcare Occupancy Cost Agreements with the Boards of Education and recommending that this report be received for information.

The Audit Committee also had before it a report (September 6, 2002) from the City Auditor, responding, as requested, to the report (August 9, 2002) from the Commissioner of Community and Neighbourhood Services, and recommending that this report be received for information.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee recommended that City Council direct the Commissioner of Community and Neighbourhood Services to review the Master Agreements for Child Care Centres in Schools and make recommendations to the Community Services Committee and the Budget Advisory Committee to resolve the issue of full-fee parents receiving subsidy as a result of rents being paid by the City, thus providing a benefit for parents who could find child care at schools, such report to include also:

- (a) the total amount paid in rent by the City; and
- (b) the particular circumstances of the daycare located at the Banting and Best School.

A motion by Councillor Jones, to receive this matter, was voted on and lost.

(Report No. 8, Clause 8)

4.5 Reserves and Reserve Funds Follow-Up Review

The Audit Committee had before it a report (August 22, 2002) from the City Auditor respecting Reserves and Reserve Funds Follow-Up Review and recommending that:

- (1) the Chief Financial Officer and Treasurer, commencing with the December 31, 2002 quarterly report on reserves and reserve funds, provide information regarding the amount of all commitments against reserves and reserve funds;
- (2) the Chief Financial Officer and Treasurer prepare by December 31, 2002 a detailed reconciliation of transfer to and transfer from "Unallocated Capital Charge" account for the year 2000;
- (3) the Chief Financial Officer and Treasurer ensure that all capital funds from reserves and reserve funds are transferred directly to the appropriate capital project account; and
- (4) this report be forwarded to the Policy and Finance Committee for information.

On motion by Councillor Jones, the Audit Committee recommended the adoption of the foregoing report.

(Report No. 8, Clause 2)

4.6 2001 Expenditures for Consulting Services

The Audit Committee had before it a report (September 16, 2002) from the Chief Financial Officer and Treasurer respecting 2001 Expenditures for Consulting Services and recommending that this report be received and forwarded to Council for its information.

On motion by Councillor Walker, the Audit Committee recommended that the foregoing report be received for information.

(Report No. 8, Clause 3)

4.7 Update on Workplan to Address Issues Raised in 2000 Management Letter

The Audit Committee had before it a report (September 6, 2002) from the Chief Financial Officer and Treasurer respecting Update on Workplan to Address Issues Raised in 2000 Management Letter.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee recommended that City Council receive the quarterly update report on workplan progress set out in the foregoing report.

(Report No. 8, Clause 4)

4.8 2001 Sinking Fund Financial Statements

The Audit Committee had before it a report (September 6, 2002) from the Chief Financial Officer and Treasurer respecting 2001 Sinking Fund Financial Statements and recommending that the 2001 financial statements for the City's sinking funds be received.

On motion by Councillor Walker, the Audit Committee recommended that the 2001 financial statements for the City's sinking funds be received.

(Report No. 8, Clause 5)

4.9 2001 Audited Financial Statements of Agencies, Boards and Commissions

The Audit Committee had before it a report (September 6, 2002) from the Chief Financial Officer and Treasurer submitting 2001 Audited Financial Statements of Agencies, Boards and Commissions, and recommending that this report be received for information.

On motion by Councillor Balkissoon, as amended by Councillor Jones, and with Councillor Jones in the Chair, the Audit Committee referred the 2001 Audited Financial Statements of Agencies, Boards and Commissions appended to the report (September 6, 2002) from the Chief Financial Officer and Treasurer back to the Chief Financial Officer and Treasurer with the request that he identify issues of concern to the Audit Committee respecting potential financial impact on the City and management issues identified in the Auditor's notes attached to the Financial Statements of the following Agencies, Boards and Commissions:

- (a) Board of Directors of the Hummingbird Centre for the Performing Arts;
- (b) St. Lawrence Centre for the Arts;
- (c) The North York Performing Arts Centre;
- (d) Toronto Community Housing Corporation;
- (e) Heritage Toronto;
- (f) Toronto Parking Authority;
- (g) Exhibition Place;
- (h) Toronto Zoo; and
- (i) Toronto Atmospheric Fund:

(Letter sent to: Chief Financial Officer and Treasurer; c.: City Auditor - September 26, 2002)

(Report No. 8, Clause 10(b))

4.10 Toronto Computer Leasing Inquiry – Status Report

The Audit Committee had before it a status report (September 20, 2002) from the City Solicitor respecting Toronto Computer Leasing Inquiry and recommending that this report be forwarded to City Council for information.

On motion by Councillor Walker, the Audit Committee recommended that City Council receive the foregoing report.

(Report No. 8, Clause 7)

4.11 Toronto Computer Leasing Inquiry - Funding for Parties with Standing

The Audit Committee had before it a confidential report (September 20, 2002) from the City Solicitor respecting Toronto Computer Leasing Inquiry – Funding for Parties with Standing, having regard that the subject matter of the report deals with the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

On motion by Councillor Jones, the Audit Committee referred the confidential report to the Policy and Finance Committee for its consideration.

(Letter sent to: Policy and Finance Committee; c.: Chief Administrative Officer, City Solicitor - September 25, 2002)

(Report No. 1, Clause 10(c))

4.12 NOT USED

4.13 Toronto Public Library – Applicability and Implementation Plan for Recommendations Contained in the City Auditor’s Report (June 28, 2001) – Selection and Hiring of Professional and Consulting Services Review

The Audit Committee had before it a report (July 19, 2002) from the City Librarian respecting Toronto Public Library - Applicability and Implementation Plan for Recommendations Contained in the City Auditor’s Report (June 28, 2001) – Selection and Hiring of Professional and Consulting Services Review and recommending that this report, which was adopted by the Toronto Public Library Board at its meeting of June 10, 2002, be received for information.

On motion by Councillor Kelly, the Audit Committee received the foregoing communication for information.

(Letter sent to: City Librarian; c.: City Auditor - September 26, 2002)

(Report No. 8, Clause 10(d))

4.14 Revenue Controls Review - Toronto Police Service

The Audit Committee had before it a report (July 11, 2002) from the Chairman, Toronto Police Services Board respecting Revenue Controls Review - Toronto Police Service and recommending that the Audit Committee receive this report.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee recommended that the Chair of the Toronto Police Services Board be requested to advise the Audit Committee on what actions have been taken to date with respect to the collection of outstanding accounts receivable and to advise City Council, through the Audit Committee, whether action taken has included the use of bailiffs for the collection of outstanding accounts receivable beyond 90 days.

(Report No. 8, Clause 9)

4.15 Staff Response to Commission Inquiry – Current Value Auditing Policies and Practices

The Audit Committee had before it a report (July 12, 2002) from the General Secretary, Toronto Transit Commission respecting Staff Response to Commission Inquiry – Current Value Auditing Policies and Practices, and advising that the TTC received the memorandum and forwarding same to the Audit Committee for information.

On motion by Councillor Jones, the Audit Committee received the foregoing memorandum for information.

(Letter sent to: General Secretary, Toronto Transit Commission; c.: City Auditor - September 26, 2002)

(Report No. 8, Clause 10(e))

4.16 Privacy Legislation Compliance and Technology Systems

The Audit Committee had before it a report (June 26, 2002) from the City Clerk respecting Privacy Legislation Compliance and Technology Systems, and forwarding Clause No. 2 contained in Report No. 7 of the Administration Committee, headed “Privacy Legislation Compliance and Technology Systems”, which City Council referred to the Audit Committee requesting that the City Auditor conduct a risk analysis, such analysis to address concerns raised by Councillor Moscoe, and report thereon to the Audit Committee by September 2002.

The Audit Committee also had before it a communication (September 23, 2002) from the City Auditor respecting this matter.

On motion by Councillor Walker, the Audit Committee deferred consideration of the foregoing matter until its meeting to be held on November 22, 2002.

(Letter sent to: City Auditor - September 26, 2002)

(Report No. 8, Clause 10(f))

4.17 2001/02 Annual Audit Report of the Federally Funded Supporting Communities Partnership Initiative (SCPI)

The Audit Committee had before it a report (September 12, 2002) from the City Clerk, Community Services Committee respecting 2001/02 Annual Audit Report of the Federally Funded Supporting Communities Partnership Initiative (SCPI), advising that the Community Services Committee received the report and forwarding same to the Audit Committee for information.

On motion by Councillor Walker, the Audit Committee reported having received the foregoing report for information:

(Letter sent to: City Clerk, Community Services Committee - September 26, 2002)

4.18 Annual Reports

The Audit Committee had before it a communication (July 18, 2002) from Councillor Moscoe respecting Annual Reports, and requesting that the City Auditor to study the cost of all annual reports of the City's Agencies, Boards and Committees, with a view to creating a reasonable standards for such reports.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee:

- (1) referred the following communication to the Chief Administrative Officer for appropriate action; and
- (2) requested the City Clerk to advise the agency, board or committee whose annual report was submitted by Councillor Moscoe of the action taken by the Audit Committee, with the request that they contact Councillor Moscoe directly respecting his concerns:

(Letter sent to: Chief Administrative Officer; c.: Councillor Moscoe, City Auditor, General Secretary, Toronto Transit Commission; Chairman, Toronto Police Services Board - September 26, 2002)

(Report No. 8, Clause 10(h))

The Committee adjourned at 11:30 a.m.

Chair

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Audit Committee Minutes
September 25, 2002

Attendance:

September 25, 2002	9:30 a.m. – 11:30 a.m.
Balkissoon (Chair)	X
Jones (Vice-Chair)	X
Ford	X
Kelly	X
Walker	X

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