

THE CITY OF TORONTO

Clerk's Department

Minutes of the Audit Committee

Meeting No. 3

Wednesday, July 16, 2003

The Audit Committee met on Wednesday, July 16, 2003 in Committee Room 1, 2nd Floor, City Hall, commencing at 9:30 a.m.

3.1 Consolidated Financial Statements for the Year Ended December 31, 2002

The Audit Committee had before it a report (June 5, 2003) from the Chief Financial Officer and Treasurer, respecting Consolidated Financial Statements for the Year Ended December 31, 2002 and recommending that the attached 2002 Consolidated Financial Statements be approved.

The Audit Committee also had before it a report (July 9, 2003) from the Chief Financial Officer and Treasurer, providing supplementary information on the City's 2002 Consolidated Financial Statements.

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

- (1) the 2002 City of Toronto Consolidated Financial Statements, attached to the report (June 5, 2003) from the Chief Financial Officer and Treasurer, be approved;
- (2) the report (July 9, 2003) from the Chief Financial Officer and Treasurer be received; and
- (3) the issuance of 2002 consolidated financial statements in final form reflect a consistent classification of consolidated revenues and expenditures as per the revised Consolidated Statement of Financial Activities and Schedule 1 attached to the report (July 9, 2003) from the Chief Financial Officer and Treasurer.

On further motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee requested the Chief Financial Officer and Treasurer to submit directly to Council a continuity statement for net long-term debt from December 31, 1997 to December 31, 2002.

(Letter sent to: Chief Financial Officer and Treasurer; c: Auditor General - July 16, 2003)

(Report No. 3, Clause 1)

3.2 Audit Results – Year ended December 31, 2002

The Audit Committee had before it a communication (May 9, 2003) from Martha Tory and Diana Brouwer, Ernst & Young, forwarding the audit of the consolidated financial statements of the City of Toronto.

The Audit Committee also had before it a report (June 27, 2003) from the Chief Financial Officer and Treasurer, submitting an update on the progress made on the workplan to address issues raised in the Management Letter issued by Ernst & Young entitled “City of Toronto – Report to Audit Committee – 2000 Audit Results”, recommending that it be received and forwarded to Council for information.

The Audit Committee also had before it a communication (June 23, 2003) from Martha Tory and Diana Brouwer, Ernst & Young respecting Recommendations to Management for year ended December 31, 2002

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

- (1) recommended that the following reports and communication be received for information:
 - (a) (May 9, 2003) from Ernst & Young, Chartered Accountants, entitled, “City of Toronto - Audit Results – Year Ended December 31, 2002 – Report to the Audit Committee of the City of Toronto”;
 - (b) (June 27, 2003) from the Chief Financial Officer and Treasurer respecting Update on Workplan to Address Issues Raised in 2000 Management Letter;
 - (c) (June 23, 2003) from Ernst & Young, Chartered Accountants, respecting Recommendations to Management for the year ended December 31, 2002;
- (2) recommended that the Chief Financial Officer and Treasurer review the tracking and dollar amount of stale dated cheques, determine the period of time when staledated cheques should be returned to income, and report to the Audit Committee at its meeting to be held on September 16, 2003; and
- (3) advised City Council that Ernst and Young have identified the issue of Disaster Recovery Planning at the City as an issue which requires to be addressed, and recommended, upon a 2/3rds vote of all Members of Council, that the Auditor General be directed to conduct this review and that he be provided the appropriate funding in 2004 to do this review.

(Report No. 3, Clause 2)

3.3 Leaside Memorial Community Gardens

The Audit Committee had before it a report (June 26, 2003) from the Chief Financial Officer and Treasurer, reporting on certain matters requested by Audit Committee on April 9, 2003 respecting Leaside Memorial Community Gardens, and recommending that this report be received for information.

The Audit Committee also had before it a communication (April 14, 2003) from the City Clerk, Audit Committee, forwarding the action of the Committee at its meeting held on April 9, 2003.

On motion by Councillor Walker, the Audit Committee received the report (June 26, 2003) from the Chief Financial Officer and Treasurer for information.

(Letter sent to: Chief Financial Officer and Treasurer; c: Auditor General; General Manager, Leaside Memorial Community Gardens - July 21, 2003)

(Report No. 3, Clause 8(a))

3.4 Arenas - Audit Management Letters

The Audit Committee had before it a report (June 30, 2003) from the Chief Financial Officer and Treasurer, reporting on issues identified in the 2001 management letters for Committees of Management for Arena, and recommending that this report be received for information.

The Audit Committee also had before it a communication (April 14, 2003) from the City Clerk, Audit Committee, forwarding the action of the Committee at its meeting held on April 9, 2003.

On motion by Councillor Walker, the Audit Committee received the report (June 30, 2003) from the Chief Financial Officer and Treasurer for information.

(Letter sent to: Chief Financial Officer and Treasurer; c: Auditor General - July 21, 2003)

(Report No. 3, Clause 8(b))

3.5 2001 TEDCO Financial Statements

The Audit Committee had before it a report (March 19, 2003) from the Chief Financial Officer and Treasurer, respecting 2001 TEDCO Financial Statements and recommending that the 2001 financial statements for the City of Toronto Economic Development Corporation be received.

The Audit Committee also had before it a report (June 30, 2003) from the Chief Financial Officer and Treasurer, providing additional information, as requested, respecting the TEDCO 2001 Financial Statements, and recommending that this report be received.

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

- (1) the 2001 financial statements for the City of Toronto Economic Development Corporation, attached to the report (March 19, 2003) from the Chief Financial Officer and Treasurer, be received; and
- (2) discussions pertaining to Confidential Appendix A of the report (June 30, 2003) from the Chief Financial Officer and Treasurer, submitted to Council under separate cover, be held in camera, as the subject matter of the Appendix deals with the security of the property of the municipality or local board.

(Report No. 3, Clause 3)

3.6 Response to 2001 Audit Management Letters for Business Improvement Areas

The Audit Committee had before it a report (July 3, 2003) from the Commissioner, Economic Development, Culture and Tourism, advising on how the management issues raised by the Auditor General in the 2001 Audit Management Letters have been addressed, and recommending that the report be received for information.

The Audit Committee also had before it a communication (April 14, 2003) from the City Clerk, Audit Committee, forwarding the action of the Committee at its meeting held on April 9, 2003.

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

- (1) received the report (July 3, 2003) from the Chief Financial Officer and Treasurer for information;
- (2) requested the Commissioner of Economic Development, Culture and Tourism and the Chief Financial Officer and Treasurer to report in six months on the activities and actions taken with the BIAs to ensure the understanding of the issues surrounding G.S.T. rebates; and
- (3) requested the Commissioner of Economic Development, Culture and Tourism to advise Members of Council who are members of Boards of Management of BIAs of their responsibilities as members of the BIA Boards of Management.

(Letter sent to: Commissioner of Economic Development, Culture and Tourism; Chief Financial Officer and Treasurer; c: Auditor General - July 21, 2003)

(Report No. 3, Clause 8(c))

3.7 Toronto Parking Authority - An Assessment of the Adequacy and Effectiveness of Financial and Administrative Controls

The Audit Committee had before it a report (March 25, 2003) from the Auditor General submitting comments relating to the Toronto Parking Authority's Management Response to the Audit Report titled, "An Assessment of the Adequacy and Effectiveness of Financial and Administrative Controls", and recommending that this report be received for information.

The Audit Committee also had before it the following:

- report (September 16, 2002) from the City Auditor, titled, "Toronto Parking Authority - An Assessment of the Adequacy and Effectiveness of Financial and Administrative Controls".
- communication (June 30, 2003) from the President, Toronto Parking Authority, on behalf of the Board, expanding on the management response as provided in a report dated December 11, 2002 to the Audit Committee on respect of the subject report issued on September 16, 2002 by the City Auditor.
- report (July 2, 2003) from the President, Toronto Parking Authority, responding to the Audit Committee's request of April 9, 2003 respecting usage and revenue statistics for TPA complimentary passes in the 2002 calendar year, 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) City Council receive the following reports:
 - (a) (March 25, 2003) from the Auditor General submitting comments relating to the Toronto Parking Authority's Management Response to the Audit Report titled, "An Assessment of the Adequacy and Effectiveness of Financial and Administrative Controls";
 - (b) (September 16, 2002) from the City Auditor, titled, "Toronto Parking Authority - An Assessment of the Adequacy and Effectiveness of Financial and Administrative Controls";

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- (c) (June 30, 2003) from the President, Toronto Parking Authority submitting a further management response;
 - (d) (July 2, 2003) from the President, Toronto Parking Authority, responding to the Audit Committee's request of April 9, 2003 respecting usage and revenue statistics for TPA complimentary passes in the 2002 calendar year; and
- (2) upon a 2/3rds vote of all Members of Council, the Auditor General further review, in consultation with the President, Toronto Parking Authority, the Toronto Parking Authority's tender process, such review to give consideration to a Request for an Expression of Interest process for pre-screening for pre-qualified contractors and an R.F.P. process for the pre-qualified contractors, and report to the Audit Committee in January, 2004.

The Chair ruled the following motions by Councillor Ford out of order:

- “(1) That the Auditor General submit the names of 130 people who received complimentary parking passes in 2002
- (2) That the TPA be requested not to issues any more complimentary parking passes.”

(Report 3, Clause 4)

3.8 Quality Assurance Procedures in the Building Division Responding to Recommendations of the Audit Committee in Relation to Recommendation No. 2 of the Audit Committee Report No. 10, Urban Development Services Building Division Review

The Audit Committee had before it a communication (March 31, 2003) from the City Clerk, Planning and Transportation Committee advising of the Committee's action of March 24, 2003 respecting Quality Assurance Procedures in the Building Division Responding to Recommendations of the Audit Committee in Relation to Recommendation No. 2 of the Audit Committee Report No. 10, Urban Development Services Building Division Review, and forwarding the report (February 24, 2003) from the Commissioner of Urban Development Services for information.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee received the report (February 24, 2003) from the Commissioner of Urban Development Services for information.

(Letter sent to Commissioner of Urban Development Services; c: City Auditor; City Clerk, Planning and Transportation Committee - July 21, 2003)

(Report No. 3, Clause 8(d))

3.9 2002 Sinking Fund Financial Statements

The Audit Committee had before it a report (June 23, 2003) from the Chief Financial Officer and Treasurer, submitting the financial statements of the City's Sinking Funds for the year ended December 31, 2002.

On motion by Councillor Wallker, the Audit Committee recommended that the 2002 financial statements for the City's sinking funds be received.

(Report No. 3, Clause 5)

3.10 2002 Audited Financial Statements of Agencies, Boards and Commissions

The Audit Committee had before it a report (July 3, 2003) from the Chief Financial Officer and Treasurer presenting the 2002 Financial Statements of the City's Agencies, Boards and Commissions.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee recommended that the 2002 financial statements of the following Agencies, Boards and Commissions be received:

- (a) Board of Directors of the Hummingbird Centre for the Performing Arts
- (b) St. Lawrence Centre for the Arts
- (c) North York Performing Arts Centre Corporation
- (d) Toronto Zoo
- (e) Toronto Community Housing Corporation
- (f) Toronto Public Library Board
- (g) Toronto Transit Commission
- (h) Enwave District Energy Limited
- (i) Toronto Hydro Corporation
- (j) Toronto Parking Authority
- (k) Toronto Economic Development Corporation

On further motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee requested the Auditor General to report to the Audit Committee on a protocol for financial statements and management letters for Agencies, Boards and Commissions for future years.

(Letter sent to: Auditor General; c: Chief Financial Officer and Treasurer - July 21, 2003)

(Report No. 3, Clause 6)

3.11 Exhibition Place Parking Revenues

The Audit Committee had before it a report (July 3, 2003) from the Chief Financial Officer and Treasurer reporting, as requested, on the Toronto Roadrunners' arrangements with respect to parking at Exhibition Place.

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

(Letter sent to: Chief Financial Officer and Treasurer; c: Auditor General; General Manager and CEO, Exhibition Place - July 21, 2003)

(Report No. 3, Clause 8(e))

3.12 Toronto Police Service – Overtime

The Audit Committee had before it a report (June 24, 2003) from the Auditor General, respecting Toronto Police Service - Overtime, and recommending that this report be received for information and forwarded to the Toronto Police Services Board for information.

On motion by Councillor Walker, the Audit Committee received the report for information and forwarded same to the Toronto Police Services Board.

(Letter sent to: Acting Chair, Toronto Police Services Board; c: Auditor General - July 21, 2003)

(Report No. 3, Clause 8(f))

3.13 Auditor General's Office 2004 Operating Budget – Potential Funding Implications

The Audit Committee had before it a report (June 26, 2003) from the Auditor General, advising the Committee of potential 2004 operating budget implications resulting from various initiatives in the Auditor General's Office.

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

(Letter sent to Auditor General - July 21, 2003)

(Report No. 3, Clause 8(g))

3.14 2002 Expenditures for Consulting Services - Departments and Boards

The Audit Committee had before it a report (July 8, 2003) from the Chief Financial Officer and Treasurer advising Committee and Council on the actual expenditures for consulting services for the year ended December 31, 2002, and recommending that this report be received and forwarded to Council for its information.

On motion by Councillor Balkissoon, with Councillor Jones in the Chair, the Audit Committee made public Appendices A and B of the report (July 8, 2003) from the Chief Financial Officer and Treasurer.

On motion by Councillor Walker, the Audit Committee recommended that the report (July 8, 2003) from the Chief Financial Officer and Treasurer, be received for information.

(Report No. 3, Clause 7)

3.15 Semi-Annual Update: Response to the Review of the Investigation of Sexual Assaults – Toronto Police Service

The Audit Committee had before it a report (July 2, 2003) from the Acting Chair, Toronto Police Services Board, forwarding an update on the implementation of recommendations following the audit on how sexual assault investigations are conducted.

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

(Letter sent to: Acting Chair, Toronto Police Services Board; c: City Auditor - July 21, 2003)

(Report No. 3, Clause 8(h))

The Committee adjourned at 12:30 p.m.

Chair

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Attendance:

July 16, 2003	9:30 a.m. – 12:30 p.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.