



AUDIT COMMITTEE

AGENDA

MEETING No. 2

Date of Meeting: January 21, 2004 **Enquiry:** Frances Pritchard
Time: 2:00 p.m. **Administrator**
Location: Committee Room 1 **392-7033**
City Hall **teycc@toronto.ca**
100 Queen Street West

Declarations of Interest Pursuant to the Municipal Conflict Of Interest Act

Confirmation of Minutes - September 16, 2003 and December 4, 2003

Deputations/Presentations:

1. 2004 Operating Plan and Budget – Auditor General’s Office

(Presentation by the Auditor General)

Report (January 13, 2004) from the Auditor General

Recommendation:

That the attached 2004 Operating Plan and Budget for the Auditor General’s Office be approved and forwarded to the Budget Advisory Committee.

2. Audit Work Plan – 2004

(Presentation by the Auditor General)

Report (January 6, 2004) from the Auditor General

Recommendation:

That the 2004 Audit Work Plan for the Auditor General’s Office, as set out in this report, be received for information.

3. Supplementary Report to the Auditor General’s “Annual Report on the Status of Fraud and Related Matters, Including the Operation of the Fraud & Waste Hotline Program”

(Presentation by the Auditor General)

Report (December 19, 2003) from the Auditor General

Recommendation:

That this report be received for information.

3(a). Audit Committee Report No. 4, Clause 8, titled, “Annual Report on the Status of Fraud and Related Matters, Including the Operation of the Fraud & Waste Hotline Program”, which was adopted by City Council at its meeting of September 22, 23, 24 and 25, 2003

Reports/Communications:

4. Auditor General’s Response – SAP Financial and Human Resources/Payroll Information System, Post Implementation Review – Status of Recommendations

Report (December 31, 2003) from the Auditor General

Recommendations:

- (1) That Recommendation 5 of the report of the Auditor General entitled, “SAP Financial and Human Resources/Payroll Information Systems – Post Implementation Review” adopted by City Council on April 14, 15, and 16, 2003, be reaffirmed. The recommendation was as follows:

“The Commissioner of Corporate Services in consultation with the City Solicitor ensure that, where possible, all future system development agreements are

structured in such a way that software maintenance payments are based on the number of software licenses in use and not on the number of licenses acquired.”

- (2) That the Commissioner of Corporate Services, in consultation with the City Solicitor, report back to the Audit Committee by June 30, 2004, on the results of the negotiation process with SAP Canada Inc. including specific financial implications, with regard to both software license costs and maintenance fees incurred in relation to surplus software licenses not in use;
- (3) That the Commissioner of Corporate Services ensure that all requests for new management information systems from City Departments, Agencies, Boards and Commissions be reviewed and approved by the Executive Director of Information and Technology, unless there be compelling reasons otherwise, all such new equipment be restricted to SAP. In particular, this process include any future management information systems required by the Toronto Transit Commission; and
- (4) That the Chief Financial Officer and Treasurer and Commissioner of Corporate Services report back to the Audit Committee by June 30, 2004, on the progress and timelines for implementing the balance of the recommendations contained in the Auditor General’s report entitled “SAP Financial and Human Resources/Payroll Information Systems – Post Implementation Review”.

- 4(a).** Joint Report (January 8, 2004) from the Chief Financial Officer and Treasurer and the Commissioner of Corporate Services respecting SAP Financial and Human Resources/Payroll Information Systems – Post Implementation Review – Revised Status of Recommendations

Recommendations:

- (1) That the report, SAP Financial and Human Resources/Payroll Information Systems – Post Implementation Review – Status of Recommendations, be forwarded to the Policy and Finance Committee for information.
- (2) That the 2004 operating budget for SAP maintenance fees be transferred from the Finance Department, Accounting Services Division to the Corporate Services, Information & Technology Division.

- 4(b).** Report (August 25, 2003) from the Chief Financial Officer and Treasurer respecting SAP Implementation Final Report - Update

Recommendation:

That the report “SAP Implementation Final Report – Update”, be received for information.

5. External Auditors – Policy of Rotation

Report (November 18, 2003) from the Auditor General

Recommendation:

That all future Request for Proposals for external audit services include a provision that the lead audit engagement partner must be rotated in circumstances where the incumbent audit firm is the winning proponent.

6. Procurement Process Review – Status and Preliminary Implementation Plan/Timelines

Communication (September 29, 2003) from the City Clerk forwarding, for information, Administration Committee Report No. 9, Clause 46, titled, “Procurement Process Review – Status and Preliminary Implementation Plan/Timelines”, which was adopted by City Council at its meeting held on September 22, 23, 24 and 25, 2003

7. Follow-up on the Auditor General’s Recommendations with Respect to Accounts Payable

Communication (September 4, 2003) from the City Clerk, Administration Committee, advising of the Committee’s action of September 4, 2003 and forwarding, for information, the report (August 25 2003) from the Chief Financial Officer and Treasurer respecting Follow-up on the Auditor General’s Recommendations with Respect to Accounts Payable

8. Semi-Annual Update: Response to the Review of the investigation of sexual assaults – Toronto Police Service

Report (January 7, 2004) from A. Milliken Heisey, Q.C., Toronto Police Services Board

Recommendation:

That the Audit Committee receive this report.

9. Improvements to the Collection Process for Outstanding Accounts Receivable

Report (September 26, 2003) from the Acting Chair, Toronto Police Services Board

Recommendation:

That the Audit Committee receive this report.

10. Audited Financial Statements of Arenas

Report (January 7, 2004) from the Chief Financial Officer and Treasurer

Recommendation:

That the financial statements appended to this report be received.

(Financial Statements Distributed to Members only)

11. 2002 Audited Financial Statements of Community Centres

Report (January 8, 2004) from the Chief Financial Officer and Treasurer

Recommendation:

That the financial statements appended to this report be received.

(Financial Statements Distributed to Members only)

12. Financial Statements of Business Improvement Areas

Report (January 7, 2004) from the Chief Financial Officer and Treasurer

Recommendation:

That the 2002 and 2001 financial statements for Business Improvement Areas operated by Boards of Management be received.

(Financial Statements Distributed to Members only)

13. 2002 Audited Trust Fund Financial Statement

Report (August 29, 2003) from the Chief Financial Officer and Treasurer

Recommendation:

That the audited financial statements of the City's trust funds for the year ended December 31, 2002 be received.

14. 2002 Audited Financial Statements of Heritage Toronto

Report (August 29, 2003) from the Chief Financial Officer and Treasurer

Recommendation:

That this report be received.

15. Request for Audit of Drive Clean Tender Process

Communication (December 9, 2003) from the City Clerk forwarding a motion respecting a Request for Audit of Drive Clean Tender Process which City Council, at its meeting held on December 2 and 4, 2003, referred to the Audit Committee