
**AUDIT COMMITTEE
MEETING 1**

Date of Meeting: January 17, 2005
Time: 9:30 a.m.
Location: Committee Room 2
City Hall
100 Queen Street West
Toronto, Ontario

Enquiry: Christine Archibald
Administrator
416-392-7033
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Under the *Municipal Act, 2001*, the Audit Committee must adopt a motion to meet In-camera (privately) and the reason must be given.

Declarations of Interest under the *Municipal Conflict of Interest Act*

Confirmation of Minutes – November 23, 2004

Communications/Reports:

1. Toronto Emergency Medical Services Operational Support Review – Works and Emergency Services Department

Report (November 29, 2004) from the Auditor General.

Recommendations:

It is recommended that:

- (1) the Chief Administrative Officer, take the necessary steps to ensure that previous recommendations contained in the Auditor General's report dated May 8, 2001 entitled "Review of Departmental Purchase Orders" are addressed and that:
 - (a) the City's procurement policies, procedures and guidelines are complied with and communicated to all staff involved in the acquisition of goods and services;
 - (b) necessary training is provided, such that staff is fully aware of, understand and comply with the policies, procedures and guidelines;

- (c) effective management controls and monitoring measures are implemented to ensure compliance with Corporate procurement policies and procedures; and
 - (d) compliance with procurement policies and procedures is incorporated into the staff performance review process;
- (2) the Commissioner, Works and Emergency Services, clearly define and communicate the roles, responsibilities, authorities and accountability of program managers of the Toronto Emergency Medical Services and the Support Services Division, Works and Emergency Services, in the payment approval process, including the responsibility for reviewing related invoices, purchase orders and contracts;
- (3) the Commissioner, Works and Emergency Services, take the necessary action to ensure that all staff responsible for authorizing or processing invoice payments are aware of their responsibilities relating to the review of invoices and related supporting documents. Staff should also be aware of the need to review the contract terms, evaluate the appropriateness of all charges, as well as validating the accuracy of the goods and services provided;
- (4) the Chief/General Manager, Toronto Emergency Medical Services, take immediate steps to ensure that:
 - (a) an equipment inventory database which tracks all equipment over a certain dollar threshold amount is completed in a timely manner;
 - (b) procedures are established to monitor regular maintenance of all equipment; and
 - (c) the preventive maintenance history of each piece of equipment is systematically tracked in the database;
- (5) the Chief/General Manager, Toronto Emergency Medical Services, take immediate steps to correct the information maintained in the Stores' inventory system. Such actions include:
 - (a) completing an assessment of irregularities in the existing data, and developing an action plan, with specific timelines for the action to be taken to make the necessary corrections;
 - (b) documenting the functionality of the system and operating procedures, and providing formal training to ensure that staff has the necessary knowledge to effectively operate the system;

- (c) strengthening controls over access to the system, including restricting access; and
 - (d) adjusting inventory records to reflect actual amounts on hand, with such adjustments being the subject of supervisory review and approval;
- (6) the Chief/General Manager, Toronto Emergency Medical Services:
 - (a) identify the skills and expertise required by staff to effectively manage inventory items warehoused at the Stores;
 - (b) assess the skill set and competency level of current staff;
 - (c) develop a training and development program that ensures staff has the necessary skills and expertise to effectively perform their responsibilities;
 - (d) define the roles, responsibilities and authorities of supervisory and management staff responsible for the Stores operations; and
 - (e) provide adequate management oversight to reasonably ensure that irregularities are detected and corrected in a timely manner;
- (7) the Chief/General Manager, Toronto Emergency Medical Services, review and take the necessary steps to improve procedures for re-ordering, stocking and controlling access to inventory items at ambulance stations, and to ensure that appropriate quantities of medical and other supplies are maintained;
- (8) the Chief/General Manager, Toronto Emergency Medical Services, comply with City policies and:
 - (a) discontinue the current practice of subsidizing or contributing to certain staff events; and
 - (b) discontinue the current practice of making contributions to private and public organizations, or in exceptional circumstances, obtain prior approval from the Commissioner, Works and Emergency Services;
- (9) the Chief/General Manager, Toronto Emergency Medical Services, ensure that Toronto Emergency Medical Services complies with City policy with respect to business meeting and entertainment expenses, such that expenses be claimed by the most senior staff person present at the meeting or event and be approved by the next level of management who is not at the same meeting or event. Expense claims of the Chief/General Manager, Toronto Emergency Medical Services, should be approved by the Commissioner, Works and Emergency Services;

- (10) the Commissioner, Corporate Services, in consultation with the Chief/General Manager, Toronto Emergency Medical Services, undertake a review of the use of cellular telephones and pagers by the Toronto Emergency Medical Services. This review include but not be limited to:
 - (a) an assessment of communication needs of the Toronto Emergency Medical Services;
 - (b) an identification and analysis of cost saving opportunities, including a detailed review to determine whether the Toronto Emergency Medical Services is paying monthly charges for inactive pagers, and whether corrective actions are required; and
 - (c) the management and co-ordination of purchases and service subscriptions of cellular telephones and pagers of the Toronto Emergency Medical Services;
- (11) the Chief/General Manager, Toronto Emergency Medical Services, develop a policy respecting the provision of uniforms to Toronto Emergency Medical Services staff, in particular management staff who do not normally conduct field visits, outlining the justification and costs for this practice. Such a policy be appropriately approved;
- (12) the Chief/General Manager, Toronto Emergency Medical Services, obtain authorization from City Council to revise the contract value for the purchases of parkas, as required by Toronto Municipal Code, Chapter 71 (Financial Control);
- (13) the Chief/General Manager, Toronto Emergency Medical Services, review the practice and necessity of labelling certain uniforms with specific job titles. The elimination of such a practice would provide greater flexibility in the allocation of uniforms to staff and likely eliminate the requirement to purchase significant numbers of uniforms for inventory purposes;
- (14) the Chief/General Manager, Toronto Emergency Medical Services, review the current arrangements for the delivery of services provided by the staff Psychologist. Such a review to determine the costs of the services and the availability of such services through the City's benefit plans;
- (15) the Chief Financial Officer and Treasurer ensure that all payments to employees are properly reported for income tax purposes; and
- (16) the Chief/General Manager, Toronto Emergency Medical Services, report back to the April 2005 meeting of the Audit Committee with a response to each of the recommendations in this report, outlining the specific action taken or to be taken, and a suggested timetable for implementation.

- 1(a).** Report (January 4, 2005) from the Acting Commissioner, Works and Emergency Services and the Chief/General Manager, Toronto Emergency Medical Services providing preliminary comments and responses to the recommendations contained in the Auditor General's report on his review of the Toronto EMS Operational Support Section

Recommendation:

It is recommended that this report be received for information.

2. Annual Report on the Status of Fraud and Related Matters, Including the Operation of the Fraud and Waste Hotline Program

Report (December 31, 2004) from the Auditor General submitting, as requested, an annual report on the status of fraud and related matters, including the operation of the Fraud and Waste Hotline Program.

Recommendations:

It is recommended that this report be received for information.

3. Corporate Absenteeism/Attendance Management Follow-up Review

Report (October 15, 2004) from the Auditor General.

Recommendations:

It is recommended that:

- (1) the Commissioner, Corporate Services, develop a standardized reporting format to document the results of meetings held with employees to discuss their absenteeism and ensure that evidence of acknowledgement by the employee of these discussions and action taken is retained on file; and
 - (2) Commissioners ensure that staff have access to appropriate Attendance Management Reports and that the information in these reports forms the basis for compliance with the City's policy on managing employee attendance.
- 3(a).** Report (January 5, 2005) from the Commissioner, Corporate Services providing a management response to the Auditor General's report.

Recommendation:

It is recommended that this report be received for information.

4. Auditor General's Audit Reports – Benefits to the City of Toronto

Report (December 6, 2004) from the Auditor General.

(Report not yet available.)

5. Community Centres and Arenas – 2003 Audited Financial Statements and Management Letters

Report (December 17, 2004) from the Auditor General.

Recommendations:

It is recommended that the Chief Administrative Officer, in the implementation of the City's new organization structure, give consideration to having the Arena Committees/Boards of Management functionally aligned with the new Parks, Forestry and Recreation Program.

6. 2003 Financial Statements of Business Improvement Areas

Report (January 5, 2005) from the Chief Financial Officer and Treasurer and the Commissioner of Economic Development, Culture and Tourism.

Recommendation:

It is recommended that the 2003 financial statements and related management letters appended to this report for Business Improvement Areas operated by Boards of Management be received.

(Note: Financial Statement and Management letters of BIAs distributed to members of the Committee and appropriate staff only).

7. Conflict of Interest Policy: Declaration by Employees

(Deferred from November 23, 2004)

Report (October 19, 2004) from the Chief Administrative Officer reporting back on a reporting mechanism for tracking the Conflict of Interest Policy declarations by employees.

Recommendation:

It is recommended that this report be received for information.

8. Toronto Hydro Corporation – “2003 THC Audit Observations and Recommendations” (Management Letter)

(In-Camera : security of the property of the municipality or local board)

Communication (December 7, 2004) from the City Clerk advising that City Council, at its meeting on November 30, December 1 and 2, 2004, referred Clause 15 of Report 7 of the Audit Committee, titled “Toronto Hydro Corporation – 2003 THC Audit Observations and Recommendations (Management Letter)”, back to the Audit Committee for further consideration.

(The joint confidential report (November 16, 2004) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer (referred to in the above clause) was submitted to City Council under confidential cover, and because the report relates to the security of the property of the municipality or local board, under the *Municipal Act, 2001* discussions be held in-camera.)

9. Procurement Process Review Implementation – Status Report

Report (January 6, 2005) from the Chief Financial Officer and Treasurer providing a status update on the implementation of the recommendations in the Auditor General’s Report on the Procurement Process Review, adopted by City Council on April 14, 15 and 16, 2003.

Recommendation:

It is recommended that this report be received for information.

10. Collection of Outstanding Water and Sewer Accounts

Report (January 5, 2005) from the Chief Financial Officer and Treasurer responding to an Audit Committee request for a report on the amount of water and sewer charges outstanding including what collection procedures can be implemented to collect these funds and a collection program/policy to better control uncollectable water and sewer accounts.

Recommendation:

It is recommended that this report be received for information.



**AUDIT COMMITTEE
SUPPLEMENTARY AGENDA
MEETING 1**

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4. Auditor General's Audit Reports – Benefits to the City of Toronto

Report (January 7, 2005) from the Auditor General.

Recommendations:

It is recommended that:

- (1) this report be received for information; and
- (2) in accordance with the request of the Audit Committee, this report be forwarded to the Budget Advisory Committee.