

THE CITY OF TORONTO

Clerk's Department

Minutes of the Audit Committee

Meeting No. 6

Friday, November 22, 2002

The Audit Committee met on Friday, November 22, 2002 in Committee Room 1, 2nd Floor, City Hall, commencing at 9:30 a.m.

On motion by Councillor Ford, the Minutes of the Meetings held on May 21 and June 13, 2002 were confirmed.

6.1 Fraud Hotline – Six-Month Pilot Project – Evaluation

The Audit Committee had before it a report (November 6, 2002) from the Auditor General, respecting Fraud Hotline – Six-Month Pilot Project – Evaluation and recommending that:

- (1) the Auditor General establish and operate a fraud/waste hotline on a permanent basis; and
- (2) the Auditor General report to the Audit Committee, as part of his annual report on the status of fraud and related matters, on the operation and activities of the fraud/waste hotline.

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

- (1) the foregoing report (November 6, 2002) from the Auditor General be adopted; and
- (2) the Auditor General explore all opportunities to publicize the fraud hotline number to City residents, and to consider such options as:
 - (a) publishing the number on the City's tax bill;
 - (b) publishing the number on Councillor's newsletters; and
 - (c) installing a phone icon of the number on the City's website.

Councillor Pitfield was present during consideration of this matter.

(Report No. 9, Clause 1)

6.2 Contract Compliance Review – Viacom Outdoor Canada Inc. (Formerly Mediacom)

The Audit Committee had before it a report (November 7, 2002) from the Auditor General, assessing the procedures of the Transportation Division, Works and Emergency Services, with respect to the management of the City of Toronto's contract with Viacom Outdoor Canada Inc. (formerly Mediacom Inc.), and recommending that:

- (1) the Commissioner, Works and Emergency Services, designate a lead Contract Administrator for the Viacom Outdoor Canada Inc. contract, and clearly define the roles and responsibilities of the Contract Administrator, district management and field staff with respect to the Viacom Outdoor Canada Inc. contract;
- (2) the Commissioner, Works and Emergency Services, ensure that:
 - district field staff are made aware of the relevant contract provisions; and
 - standard contract monitoring procedures are established and provided in writing, to guide district staff in the oversight of installation, relocation, monitoring and maintenance of transit shelters pursuant to the terms of the Viacom Outdoor Canada Inc. contract;
- (3) the Commissioner, Works and Emergency Services, ensure that:
 - the physical installation of each bus shelter is confirmed by district field staff, upon notification of completion by Viacom Outdoor Canada Inc.; and
 - written confirmation is provided to the director of the respective district, as well as to the lead Contract Administrator;
- (4) the Commissioner, Works and Emergency Services, request that surface maintenance staff:
 - conduct inspections of completed shelter site installations; and
 - report the results of these inspections, including any problems noted, to the lead Contract Administrator for appropriate corrective action with Viacom Outdoor Canada Inc.;
- (5) the Commissioner, Works and Emergency Services, assign the responsibility of communicating contract provisions, relating to free advertising, to the lead Contract Administrator and ensure that this responsibility include:
 - informing Corporate Communication staff, on an ongoing basis, of the free advertising spaces available for City use to ensure maximum utilization of the City's entitlement;

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- determining from Viacom Outdoor Canada Inc., on an ongoing basis, the number of available advertising spaces over and above the six percent entitlement, that could be used by the City of Toronto at no cost; and
 - ensuring, in communication with Corporate Communication staff, that all City Departments are advised of the relevant provisions in the Viacom Outdoor Canada Inc. contract related to free advertising and that departments determine the availability of free advertising space prior to purchasing advertising space from Viacom Outdoor Canada Inc.;
- (6) the Commissioner, Works and Emergency Services, ensure that a comprehensive inventory listing of all existing shelters within the City of Toronto is completed by March 31, 2003, and that this listing include information on the location, type of shelter and date of installation;
- (7) the Commissioner, Works and Emergency Services, ensure that the lead Contract Administrator, in consultation with district staff and Viacom Outdoor Canada Inc., use the comprehensive inventory listing to formulate a replacement schedule of old shelters on a City-wide basis, and that the replacement of old shelters with existing shelters, be completed by the end of 2004;
- (8) the Commissioner, Works and Emergency Services, ensure that the lead Contract Administrator, in consultation with Works & Emergency Financial Services staff, analyse the monthly gross revenue reports provided by Viacom Outdoor Canada Inc. and follow-up any anomalies or queries with Viacom Outdoor Canada Inc.;
- (9) the Commissioner, Works and Emergency Services, request that City of Toronto by-law enforcement officers actively undertake to issue warnings and fines, as appropriate, to individuals and companies that deface transit shelters and other public property;
- (10) the Commissioner, Works and Emergency Services, take action to verify the accuracy and completeness of the reconciliation prepared by Viacom Outdoor Canada Inc. (as at August 31, 2000) and ensure that future documentation from third parties be verified by appropriate City staff;
- (11) the Commissioner, Works and Emergency Services, in conjunction with City's Legal Services and Finance Risk Management staff, take action to ensure that:
- Viacom Outdoor Canada Inc. complies with the insurance coverage required in the Viacom Outdoor Canada Inc. contract; and
 - there is ongoing monitoring to determine the validity of insurance coverage required; and

- (12) the Chief Administrative Officer ensure that the issues and recommendations identified in this report be reflected in the City's contract management framework; and that this framework and related requirements be communicated to applicable City staff and mechanisms developed to ensure compliance.

The Audit Committee recommended that:

On motion by Councillor Balkissoon, with Councillor Walker in the Chair:

- (1) the foregoing report (November 7, 2002) from the Auditor General be adopted;

On motion by Councillor Walker:

- (2) City Council request the Auditor General to audit the original awarding of the City's contract with Viacom Outdoor Canada Inc. (formerly Mediacom) in 2000;

On further motion by Councillor Balkissoon, with Councillor Walker in the Chair:

- (3) the report be forwarded to the Works and Administration Committees for information;
- (4) the Commissioner of Works and Emergency Services report to the Audit Committee by February, 2003 on the implementation of the status of the recommendations in the report; and
- (5) Commissioner of Works and Emergency Services be directed to recover funds from Viacom Outdoor Canada Inc. in those circumstances where advertising was paid for, even though free advertising space was available, and that the Commissioner report on his action in this regard by February, 2003.

(Report No. 9, Clause 2)

6.3 Follow-Up Review – Food Safety Program, Toronto Public Health (June 2000)

The Audit Committee had before it a report (November 8, 2002) from the Auditor General, respecting Follow-Up Review – Food Safety Program, Toronto Public Health (June 2000) and recommending that:

- (1) the Medical Officer of Health clarify the roles, responsibilities and expectations of Healthy Environments Food Safety Managers and identify the critical information needs and reports required to facilitate effective management of the program, such that there is optimal use of resources and the minimum mandatory inspection requirements for food premises are met;

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- (2) the Medical Officer of Health report to the Board of Health on the efficiencies achieved from all the actions taken to improve the Food Safety Program and the resource implications resulting from the improvements, including any opportunities for resource redeployment;
- (3) the Medical Officer of Health review the mandate of the Quality Assurance Unit and report to the Board of Health on:
 - the responsibilities of this unit, the reporting structure for the unit within Toronto Public Health and any resource implications; and
 - a transition plan that will ensure the smooth transfer of knowledge and responsibilities to the Healthy Environments Food Safety Managers, without jeopardizing the quality of the Food Safety Program;
- (4) the Medical Officer of Health report to the Board of Health by June 2003, providing a detailed response on the action taken to address the recommendations in this report; and
- (5) this report be forwarded to the Board of Health for information.

The Audit Committee also had before it a communication (November 12, 2002) from the Medical Officer of Health, respecting Follow-up Review - Food Safety Program - Toronto Public Health.

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

- (1) the Medical Officer of Health clarify the roles, responsibilities and expectations of Healthy Environments Food Safety Managers and identify the critical information needs and reports required to facilitate effective management of the program, such that there is optimal use of resources and the minimum mandatory inspection requirements for food premises are met;
- (2) the Medical Officer of Health report to the Board of Health on the efficiencies achieved from all the actions taken to improve the Food Safety Program and the resource implications resulting from the improvements, including any opportunities for resource redeployment;
- (3) the Medical Officer of Health review the mandate of the Quality Assurance Unit and report to the Board of Health on:
 - the responsibilities of this unit, the reporting structure for the unit within Toronto Public Health and any resource implications; and

- a transition plan that will ensure the smooth transfer of knowledge and responsibilities to the Healthy Environments Food Safety Managers, without jeopardizing the quality of the Food Safety Program;
- (4) the Medical Officer of Health report to the Audit Committee in June, 2003, providing a detailed response on the action taken to address the recommendations in the report (November 8, 2002) from the Auditor General;
- (5) the previously requested report from the Commissioner of Urban Development Services respecting the charging of re-inspection fees be submitted to the Board of Health by February, 2003;
- (6) City Council request the Board of Health to institute a regular reporting process whereby the Board of Health is made aware of the actual rotation of Public Health Inspectors as part of their role; and
- (7) the report (November 8, 2002) from the Auditor General be forwarded to the Board of Health for information.

(Report No. 9, Clause 3)

6.4 Status Report On Various Audit Projects

The Audit Committee had before it a status report (October 31, 2002) from the Auditor General respecting Various Audit Projects and recommending that this report be received for information.

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

(Letter sent to: Auditor General - November 25, 2002)

(Report No. 9, Clause 7(b))

6.5 Audit Management Letters relating to Individual Boards of Management for Community Centres

The Audit Committee had before it a report (November 4, 2002) from the Auditor General respecting Audit Management Letters relating to Individual Boards of Management for Community Centres, and recommending that:

- (1) the individual management letters issued for each of the Boards of Management for Community Centres be received for information; and

- (2) the Commissioner of Community and Neighbourhood Services be directed to ensure that the issues identified in the individual management letters are addressed and report back to the Audit Committee by February 28, 2003.

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

- (1) received for information the individual management letters issued for each of the Boards of Management for Community Centres; and
- (2) requested the ABC Ad Hoc Committee to ensure that the issues identified in the individual management letters are addressed as part of the review of the community centres and report back to the Audit Committee by February 28, 2003:

(Letter sent to ABC Ad Hoc Committee - November 27, 2002)

(Report No. 9, Clause 7(c))

6.6 2003 Operating Plan And Budget – Auditor General’s Office

The Audit Committee had before it a report (November 5, 2002) from the Auditor General – 2003 Operating Plan and Budget – Auditor General’s Office, and recommending that the attached 2003 Operating Plan and Budget for the Auditor General’s Office be approved and forwarded to the Budget Advisory Committee.

The Audit Committee received a presentation from the Auditor General.

On motion by Councillor Walker, the Audit Committee approved the 2003 Operating Plan and Budget for the Auditor General’s Office attached to the report (November 5, 2002) from the Auditor General and forwarded same to the Budget Advisory Committee.

(Letter sent to: Budget Advisory Committee; c.: Auditor General, Chief Financial Officer and Treasurer - November 25, 2002)

(Report No. 9, Clause 7(d))

6.7 Environmental Issues and Audit Plan (All Wards)

The Audit Committee had before it a report (October 30, 2002) from the Commissioner of Works and Emergency Services respecting Environmental Issues and Audit Plan (All Wards), and recommending that this report be received for information.

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

(Letter sent to: Commissioner of Works and Emergency Services; c.: Auditor General - November 25, 2002)

(Report No. 9, Clause 7(e))

6.8 Toronto Public Library – Review of Year-End Spending, Fleet Maintenance, Use of Consultants and Budgets for Maintenance and Repairs – Implementation Plan for Recommendations Contained in the City Auditor’s Report (April 9, 2002)

The Audit Committee had before it a report (September 25, 2002) from the City Librarian and recommending that the attached Implementation Plan for Recommendations Contained in the City Auditor’s Report (April 9, 2002) – Toronto Public Library – Review of Year-end Spending, Fleet Maintenance, Use of Consultants and Budgets for Maintenance Repairs adopted by the Toronto Public Library Board at its meeting of September 23, 2002 be received for information.

On motion by Councillor Balkissoon, with Councillor Walker in the Chair, the Audit Committee received the foregoing report for information and requested the Commissioner of Corporate Services to report back to the next meeting of the Audit Committee on the status of the request made to Fleet Management Services as set out in the report.

Councillor Balkissoon requested that the Minutes record that as the report (September 25, 2002) from the City Librarian did not involve employee wages or benefits, he did not declare an interest in this matter.

(Letter sent to: Commissioner of Corporate Services; c. Auditor General; City Librarian - November 25, 2002)

(Report No. 9, Clause 7(f))

6.9 Scheduling Process Review – Toronto Emergency Medical Services

The Audit Committee had before it a report (October 24, 2002) from the Commissioner of Works and Emergency Services respecting Scheduling Process Review – Toronto Emergency Medical Services (All Wards), and recommending that this report be received for information.

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

(Letter sent to: Commissioner of Works and Emergency Services; c.: Auditor General; Ronald L. Kelusky, General Manager, Emergency Medical Services - November 25, 2002)

(Report No. 9, Clause 7(g))

6.10 Privacy Legislation Compliance and Technology Systems

The Audit Committee had before it a communication (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.

On motion by Councillor Kelly, the Audit Committee referred the foregoing communication to the Auditor General.

(Letter sent to: Auditor General; c.: Chief Administrative Officer; Chief Financial Officer and Treasurer; Commissioner of Corporate Services; Commissioner of Economic Development, Culture and Tourism; Commissioner of Works and Emergency Service; Commissioner of Urban Development Services; Executive Director of Human Resources; Director of Corporate Access and Privacy - November 25, 2002)

(Report No. 9, Clause 7(h))

6.11 2002 Audit of the Corporation of the City of Toronto

The Audit Committee had before it a communication (November 8, 2002) from Martha Tory/Diana Brouwer, Ernst & Young, submitting an update on the 2002 Audit of the Corporation of the City of Toronto.

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

(Letter sent to: Ms. Martha Tory and Ms. Diana Brouwer, Ernst & Young, Chartered Accountants; c.: Chief Financial Officer and Treasurer; Auditor General - November 23, 2002)

(Report No. 9, Clause 7(i))

6.12 Liquid Chlorine Contracts-Competition Act Charges

The Audit Committee had before it a report (October 24, 2002) from the City Solicitor respecting Liquid Chlorine Contracts – Competition Act Charges, and recommending that this report be received for information.

On motion by Councillor Walker, the Audit Committee received the foregoing report for information and requested the City Solicitor to submit the names of the companies involved to City Council, at its meeting to be held on November 26, 2002:

(Letter sent to: City Solicitor; c.: Commissioner of Works and Emergency Services; Auditor General - November 25, 2002)

(Report No. 9, Clause 7(j))

6.13 2001 Audited Trust Fund Financial Statements

The Audit Committee had before it a report (October 28, 2002) from the Chief Financial Officer and Treasurer submitting the 2001 Audited Trust Fund Financial Statements, and recommending that the audited financial statements of the City's trust funds for the year ended December 31, 2001 be received.

On motion by Councillor Walker, the Audit Committee recommended that the audited financial statements of the City's trust funds for the year ended December 31, 2001 be received.

(Report No. 9, Clause 4)

6.14 2001 Audited Financial Statements of Community Centres

The Audit Committee had before it a report (October 31, 2002) from the Chief Financial Officer and Treasurer submitting the 2001 Audited Financial Statements of Community Centres, and recommending that the financial statements appended to this report be received.

On motion by Councillor Kelly, the Audit Committee recommended that City Council receive the 1999 Financial Statements for the following community centres and arenas, appended to the report (October 31, 2002) from the Chief Financial Officer and Treasurer:

Cecil Street Community Centre
Applegrove Community Centre
Community Centre 55

Harbourfront Community Centre
Central Eglinton Community Centre
519 Church Street Community Centre
Scadding Court Community Centre
Swansea Community Centre

(Report No. 9, Clause 5)

6.15 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 the 2001 Audited Financial Statements of Agencies, Boards and Commissions, and recommending that the financial statements appended to this report be received.

The Audit Committee also had before it a report (November 14, 2002) from the Chief Financial Officer and Treasurer, reporting as requested.

On motion by Councillor Walker, the Audit Committee:

- (1) recommended that the 2001 Audited Financial Statements of Agencies, Boards and Commissions appended to the report (September 6, 2002) from the Chief Financial Officer and Treasurer be received; and
- (2) forwarded the financial statements of the Hummingbird Centre, the St. Lawrence Centre and the North York Centre for the Performing Arts to the Budget Advisory Committee for its information, and advised the Budget Advisory Committee that the Chief Administrative Officer is currently conducting a review of these centres.

(Letter sent to: Budget Advisory Committee; c.: Auditor General; Chief Financial Officer and Treasurer - November 25, 2002)

(Report No. 9, Clause 6)

The Committee adjourned at 11:45 a.m.

Chair

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Attendance:

November 22, 2002	9:30 a.m. – 11:45 a.m.
Balkissoon (Chair)	X
Jones (Vice-Chair)	
Ford	X
Kelly	X
Walker	X

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

Note: Councillor Pitfield was also present during some or all portions of the meeting.