

TERMS OF REFERENCE AND INITIAL WORKPLAN

Recommendation

The Deputy City Manager/Commissioner of Finance & Corporate Services in consultation with the City Manager recommends:

- 1) That the presentation by Todd MacDonald of Performance Concepts Consulting be received;
- 2) That the attached Terms of Reference for the Audit and Operational Review Committee be approved; and
- 3) That the Initial Work Plan as indicated in the report be approved.

Economic Impact

There is no economic impact as a direct result of this report.

Communications Plan

With Council approval an appropriate announcement will be provided. In addition the expanded role of the Committee which now includes operational reviews will be referenced in the budget forums that will be taking place this fall. This and other initiatives are all part ensuring residents are provided value for their property tax dollar.

Purpose

To respond to the direction provided at the June 25, 2007 Council meeting where staff were directed to prepare an expanded Terms of Reference for the Audit and Operational Review Committee as well as provide an initial workplan.

Background – Analysis & Options

The mandate of the Strategic Planning Committee was changed to provide more of a focus on strategic planning by removing the operational review component of that committee's mandate. Since operational reviews and continuous improvement are important aspects of any organization the mandate of the Audit Committee was expanded by Council on June 25, 2007 to include operational reviews. Council directed staff to redraft the committee's Terms of Reference and present an initial workplan.

Work To-date

Through Strategic Planning and the Budget Committee achievements have been made with respect measuring and improving performance. The efforts to-date provide a solid basis from which the Audit and Operational Review Committee can move forward. Some of the areas in which the Committee can play a role include:

1. Performance measurement;
2. Benchmarking; and
3. Process improvement.

In the past couple of years some work has been undertaken with respect to performance measurement and benchmarking. Performance measures were developed for City services on a prioritized basis. City services that were assigned the highest priority for developing performance measures were those services funded from property taxation. Today's presentation by Mr. Todd MacDonald of Performance Concepts Consulting is intended to

provide Committee members with some background information and an understanding of the direction and the work that has taken place to-date.

The Initial Work Plan

The City's Operational and Compliance Auditor has an approved Work Plan (Attachment 2) that is being systematically implemented. The expansion of the scope of the Committee necessitates a review of the work plan. However since we are part way through the year and resources have already been assigned there are limitations on what changes or additions to the work plan can be implemented for the balance of the year. During the 2008 budget process the expanded mandate of the Committee is being taken into consideration when discussing initiatives and resource requirements.

Notwithstanding the foregoing there are some projects which can commence and be supplementary to the already approved work plan. These include the following:

1. Review of the corporate organization structure and reporting relationships;
2. Review services provided to or received from other related organizations.

These projects are targeted for completion towards the end of 2007 or early in 2008. The projects will be undertaken with existing resources. Staff will be reporting back with a longer term work plan which will incorporate an updated work plan for the City's Operational and Compliance Auditor. The nature and extent of the 2008 work plan will depend on the resources allocated through the budget process and input from the Committee with respect to priorities.

Relationship to Vaughan Vision 2007

D-1 Enhance Productivity and Cost Effectiveness
B-1 Ensure Short-term and Long-term Financial Stability
D-2 Develop Internal and External Collaborative Solutions

Regional Implications

Not applicable

Conclusion

Staff recommends approval of the Terms of Reference and the initial work plan which is supplementary to the approved work plan of the Operational and Compliance Auditor.

Attachments

Attachment 1 – Audit & Operational Review Committee Terms of Reference
Attachment 2 – Current Approved Work Plan

Report prepared by:

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Respectfully submitted,

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Deputy City Manager,
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AUDIT AND OPERATIONAL REVIEW COMMITTEE

TERMS OF REFERENCE

Objective

The Audit and Operational Review Committee assists Council in the provision of effective municipal government by overseeing the administrative systems regarding statutory financial reporting, the safeguarding of corporate assets, compliance with by-laws and regulations and the efficient and effective use of City resources.

The Committee also provides a focal point for improved communication between Council, the external auditor, the internal Operational and Compliance Auditor, and management. It further strengthens the impartial, objective and independent review of management practices through internal and external audits.

External - Audit Function

- Recommending the appointment of the City's external auditor.
- Reviewing reports and correspondence from the external auditor relating to the annual audit of the Corporation of the City of Vaughan, the Vaughan Public Libraries Board, the Kleinburg Business Improvement Area and any other local boards and agencies.
- Reviewing the annual Management Letter prepared by the City's external auditors and the related management responses.

Internal - Audit & Operational Reviews

- Reviewing and approving the Audit Charter for the Internal Operational and Compliance Auditor.
- Reviewing the workplan of the Operational and Compliance Auditor.
- Reviewing Operational and Compliance audit reports prepared during the year, including management's responses.
- Ascertaining compliance with legislation, by-laws and City policies.
- Evaluating efficiencies and cost effectiveness with which resources are employed.
- Reviewing operations or programs to assess whether they are being carried out as planned and whether results are consistent with established objectives.
- Reviewing reports with respect to performance improvement, re-engineering and the related changes to the organization structure.

CURRENT APPROVED WORK PLAN

<u>City of Vaughan</u>					
<u>Audit Department</u>					
<u>AUDIT PLAN 2005, 2006, 2007</u>					
					X=PLANNED
					C=COMPLETED
					W=WORK-IN-PROGR
2005					
	<u>Com</u>	<u>BUDGET</u>	<u>Audit Plan</u>		
<u>Auditable Unit</u>		<u>('000)</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
COMMUNITY PLANNING & (POLICY AND URBAN DESIGN)-Rev	JZ	4406	XC		
FIRE OPERATIONS-Exp	JS	19365			XC
DEVELOPMENT PLANNING-Exp	JZ	1446	XC		
ROADS MAINTENANCE-Exp	BR	5387	XC		
BLDG STDS- LICENSES/PERMITS-Rev	JZ	12,000		XC	
BUILDING STANDARDS-Exp	JZ	8041		XC	
WATER, WASTE WATER AND DRAINAGE-Exp	BR	12000	XC		
WINTER CONTROL-Exp	BR	7486	XC		
BY-LAW ENFORCEMENT-Rev	BS	2359		XW	
BY-LAW ENFORCEMENT ADMIN-Exp	BS	2531		XW	
WASTE MANAGEMENT-Exp	BR	8881		XC	
PROGRAMMES ADMINISTRATION-Exp	MK	2045	XC		
AQUATICS-Exp	MK	2235	XC		
BLDS STDS'- PLMBG PERMITS-Rev	JZ	725		XC	
RECREATION-Rev	MK	12449		XC	
POLICY/URBAN DESIGN-Exp	JZ	1234		XC	
CORP. COMMUNIC. ADMINIS.-Exp	FM	1051			X
ROAD CONSTRUCTION-Cap	BR	16514		X	
FIRE COMMUNICATION-Exp	JS	794			XC
PROVINCIAL OFFENSES ACT-Rev	BS	699		XW	
FITNESS/HEALTH/SPORT-Exp	MK	1674			XC
CAMPS-Exp	MK	1670			XC
PERMITS(HOCKEY SUBSIDY)-Exp	MK	1048			XC
ENGINEERING AND CONSTRUCTION SERVICES-Exp	BR	2886			X
LICENSING-CLERKS-Rev	BS	740		XC	
BLDG STDS:'-SERVICE CHARGES-Rev	JZ	127		XC	
FIRE PREVENTION-Exp	JS	1144			XC
DEVELOP/TRAFFIC & TRANSPORT ENGINEERING -Exp	BR	2106			X
ROAD RECONSTRUCTION-Cap	BR	6590			X

		2005			
	Com	BUDGET	Audit Plan		
Auditable Unit		('000)	2005	2006	2007
TRAFFIC CALMING PROGRAM-Cap	BR	204			X
OPERATIONS-Exp	MK	5972		XC	
WEB AND GIS DEVELOPMENT-Exp	FM	975			
COMMUNITY CENTRE COMPLEXES Cap	MK	19303			
CIVIC CENTRE SITE PREP-Cap	MK	7462			
CHIL/PRESCHOOL PGMS-Exp	MK	862		XC	
BLDG OPERATIONS-Exp	MK	10863			
CEMETERIES/CAPITAL PROJECTS- Exp	MK	1599			
TAXATION-Rev	CH	75889			
ENGINEERING SERVICES-Rev	BR	430			
LICENSING & SPECIAL PROJECTS- Exp	BS	393		XC	
LEGAL SERVICES ADMIN-Exp	BS	801			
MARKETING-Exp	FM	139			
ROAD RESURFACING-Cap	BR	2043			
FIRE ADMINISTRATION-Exp	JS	840			XC
CITY PLAYHOUSE-Exp	MK	471		XC	
YOUTH/ADULT/SNR PROGRAMMES Exp	MK	285		XC	
OTHER PROGRAMMES-Exp	MK	362		XC	
SIDEWALKS-Cap	BR	5341			
CITY MANAGER-Exp	MD	516			
PROPERTY TAX-Exp	CH	1003			
PARK DEVELOPMENT-Cap	MK	3534			
TAXATION-SUPPLEMENTALS-Rev	CH	2750			
CLERKS ADMINISTRATION-Exp	BS	763		XC	
PUBLIC WORKS-OPERATIONS-Rev	BR	218		XC	
EMERGENCY MANAGEMENT-Exp	JS	140			XC
LAND ACQUISITION-Cap	BS	597	XW		
COMMITTEE OF ADJUSTMENT-R	BS	416		XC	
COM. OF ADJUSTMENT & DEVELOP SERVICES-E	BS	455		XC	
COMMSNR OF PLANNING-E	JZ	279			
BUS. DEVELOPMENT-E	FM	242			
ACCESS VAUGHAN-E	FM	141			
TECHNICAL SUPPORT-E	FM	1954			
SPECIAL PROJECTS-C	JZ	29			
COMMSNR OF LEGAL-E	BS	305			
CIVIC CENTRE-E	MK	1362			
WATERMAIN-C	BR	3536			
PARK AREA IMPROVEMENTS-C	MK	1625			
COUNCIL ADMIN ASSNTS-E	BS	813			
CROSSING GUARDS-E	BS	655			

Auditable Unit	Com	2005	Audit Plan		
		BUDGET	2005	2006	2007
		('000)			
GIS SYSTEMS-C	FM	438			
FORESTRY-E	MK	921			
TAX ADJUSTMENTS-E	CH	1275			
CORPORATE INSURANCE-E	BS	550		XC	
RURAL ROAD UPGRADING-C	BR	973			
REAL ESTATE-E	BS	270	XW		
OPERATIONAL AUDIT-E	MD	211			
ENTERPRISE SYSTEMS-E	FM	548			
ROAD CONSTRUCTION-C	BR	100			
PAYMENT OTHER-R	CH	2800			
RECREATION ADMINISTRATION-E	MK	3431		XC	
PLANNING ADMINISTRATION-E	JZ	385			
PUBLIC WORKS ADMIN-E	BR	1744		XC	
OTHER PROJECTS-C	BR	613			
SPORTS FACILITIES-C	MK	730			
PARKS OPERATION-R	MK	498			
ANIMAL CONTROL-E	BS	389		XW	
PARKS DEVELOPMENT-E	MK	891			
ECONOMIC & BUSINESS DEVELOP-R	FM	105			
COMMUNITIES IN BLOOM-E	MK	127			
BLDGS & FACILITIES-R	MK	139			
FINES & PENALTIES-R	CH	3675			
CULTURAL SERVICES ADMIN-E	MK	602		XC	
ADMINISTRATION-E	MK	1811		XC	
COMMUNITY CENTRE REPAIRS-C	MK	735			
SANITARY SEWERS-C	BR	49			
SEWERS BY COMMUNITY-C	BR	33			
WALKWAY LIGHTING-C	MK	49			
TRAIL DEVELOPMENT-C	MK	357			
TREE PLANTING-C	MK	243			
SPECIAL PROJECTS-C	MK	49			
RESERVES AND INVESTMENTS-E	CH	586			
MAILRM/PRINTSHOP/COURIER-E	BS	812		XC	
HYDRO INVESTMENT INCOME-R	CH	5500			
FLEET MGT SERVICES-E	MK	364			
EROSION CONTROL-C	BR	340			
PURCHASING SERVICES-E	CH	704			
EMPLOYEE RELATIONSHIPS-E	BS	378			
ACCOUNTING SERVICES-E	CH	736			
INVESTMENT INCOME-R	CH	2900			
OMB HEARINGS-PROF FEES-E	BS	200			
EQUIPMENT REPLACEMENT-C	MK	200			
EQUIPMENT REPLACEMENT-C	MK	90			
CLIENT SUPPORT-E	FM	784			
COMPUTER INFRASTRUCTURE-C	FM	506			
COMMUNICATION UPGRADE-C	FM	428			

		2005			
	Com	BUDGET	Audit Plan		
Auditable Unit		('000)	2005	2006	2007
BUDGET ADMINISTRATION-E	CH	237			
BUDGETING-E	CH	450			
FINANCIAL PLANNING-E	CH	102			
ACTIVITY COSTING-E	CH	107			
BUILDING RENOVATIONS-C	MK	250			
FIRE FACILITIES-C	MK	78			
PROPERTY FACILITY REPAIRS-C	MK	30			
SPECIAL PROJECTS-C	BR	287			
STORM RELIEF PROGRAM-C	BR	389			
STRATEGIC PLANNING-E	MD	168			
FIRE TRAINING-E	JS	439			XC
EMPLOYEE SERVICES-E	BS	350			
FIRE MECHANICAL-E	JS	431			XC
<u>COMMISSIONER OF FINANCE:-E</u>	CH	414			
RECORDS MANAGEMENT-E	BS	186			
RECRUITMENT & TRAINING-E	BS	360			
HEALTH & WELLNESS-E	BS	462			
<u>COMMSNR OF COMMUNITY</u>					
<u>SERVICE-E</u>	MK	446		XC	
TRAFFIC SIGNALS-C	BR	34			
EQUIPMENT REPLACEMENT-C	MK	383			
PARKS EQUIPMENT-C	MK	280			
VEHICLES-C	MK	252			
VEHICLE REPLACEMENT-C	MK	292			
PC UPGRADE-C	FM	340			
FIRE AND RESCUE SERVICES-R	JS	605			XC
PARKS ADMINISTRATION-E	MK	124			
SPECIAL PROJECTS-C	BR	127			
FLEET MGT ADMIN-E	MK	357			
TRADES SHOPS-E	MK	406			
ROADS/STRUCTURES-C	BR	170			
FIRE VEHICLES-OTHER-C	JS	564			
CORPORATE POLICY-E	MD	106			
DRAFTING-E	JZ	209			
ECO. & BUS. DEVELOP. ADMIN-E	FM	715			
CITY HALL FUNDING-E	CH	1000			
CITY FINAN. SERVICES					
ADMINISTRN-E	CH	335			
FIRE PUMPER-C	JS	492			
TAX CERT & DOCUMENTS-R	CH	270			
<u>COMM. ECON. & TECHNO</u>					
<u>DEVELOP & CORP. COMM.-E</u>	FM	286			
ITS ADMIN-E	FM	217			
<u>COMM. ENGIN. SERV & PUBLIC</u>					
<u>WORKS-E</u>	BR	279			
PROFESSIONAL EXPENSES-E	CH	146			
JOINT SERVICES-E	CH	240			
FIRE FACILITIES-C	JS	214			

Auditable Unit	Com	2005			
		BUDGET	Audit Plan		
		('000)	2005	2006	2007
FIR HALL REPAIRS-C	JS	58			
FIRE EQUIPMENT-C	JS	319			
PERSONNEL AND ADMIN-E	MB	6919			
LONG TERM DEBT-E		4400			
CONTINGENCY-E		4117			
CAPITAL FROM TAXATION-E		7039			
COUNCIL-E		1173			
RESOURCES-E	MB	1318			
COMMUNICATIONS-E	MB	584			
FACILITIES-E	MB	902			
LIBRARY GRANT-R	MB	143			
VAUGHAN PUBLIC LIBRARIES-R	MB	247			
LIBRARY TECHNOLOGY-C	MB	175			
FIRE AND RESCUE SERVICES:					
COMPUTER					
EQUIPMENT(Waste/WW Billing)-C	CH	146			
MISCELLANEOUS					
DOCUMENT SECURITY					
COMPUTER HARDWARE					
PURCHASES					