

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 24, 2009**

Item 1, Report No. 3, of the Audit and Operational Review Committee, which was adopted without amendment by the Council of the City of Vaughan on November 24, 2009.

**1 INTERNAL AUDIT REPORT OF CORPORATE COMMUNICATIONS**

The Audit and Operational Review Committee recommends:

- 1) That the corrective action recommendations contained in the following report of the City Auditor, dated November 16, 2009, be implemented; and
- 2) That the City Manager, in consultation with appropriate staff, review the functions and reporting structure of the Corporate Communications Department and report back to the Audit and Operational Review Committee.

**Recommendation**

The City Auditor recommends to the Audit and Operational Review Committee:

That the Internal Audit Report of Corporate Communications be received.

**Economic Impact**

The recommendations suggested by the auditor and the implementation of corrective actions in the audit report, will improve the effectiveness of risk management, control and governance processes of the department. Some impact will be economic and will be measurable in dollar terms, while others will provide intangible benefits which may not be measurable. Other benefits will be an improvement in the efficiency and effectiveness in the operations of the department. Internal Audit adds value to all areas of City activity which are audited.

**Communications Plan**

The report will be available to the public through the City of Vaughan's website.

**Purpose**

To present to the Audit and Operational Review Committee, the Internal Audit Report of Corporate Communications.

**Background - Analysis and Options**

The audit was part of the 3 year risk-based Internal Audit Work Plan which was approved by the Audit and Operational Review Committee.

Other than what is included as observations in the Internal Audit Report, the department is operating effectively.

The Internal Audit Report is provided as an attachment. The report has an Executive Summary and includes, for all deficient items, (1) the observations of the auditor, (2) the implications, (3) the auditor's recommendations, (4) the director's response for corrective actions and (5) the auditor's response to the corrective actions.

**Relationship to Vaughan Vision 2020**

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

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**Regional Implications**

Not applicable

**Conclusion**

1. The Internal Audit Report includes the audit findings, recommendations and corrective actions.
2. The City Manager and Director of the department/operation audited have responded favourably to all observations and recommendations in the Internal Audit Report.
3. When all corrective actions are implemented, (1) internal controls will be improved, (2) the quality of performance in carrying out assigned responsibilities will be enhanced, (3) the department/operation will operate more effectively and efficiently and (4) the Internal Audit department will have added value to the organization and assisted members of the organization in the effective discharge of their responsibilities.

**Attachments**

Internal Audit Report of Corporate Communications.

**Report prepared by:**

Michael Tupchong, CA, CIA, CPA, CFE  
City Auditor

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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Item 2, Report No. 3, of the Audit and Operational Review Committee, which was adopted without amendment by the Council of the City of Vaughan on November 24, 2009.

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**2                    INTERNAL AUDIT REPORT OF THE PROPERTY TAX DEPARTMENT**

The Audit and Operational Review Committee recommends:

- 1)     That the corrective action recommendations contained in the following report of the City Auditor, dated November 16, 2009 be implemented, except where there is a disagreement; and
- 2)     That in the case of such disagreement, the Director and the City Auditor be directed to resolve the disagreement in a mutually satisfactory manner and if not resolved, the matter be brought back to the Audit and Operational Review Committee.

**Recommendation**

The City Auditor recommends :

That the Internal Audit Report of the Property Tax department be received.

**Economic Impact**

The recommendations suggested by the auditor and the implementation of corrective actions in the audit report, will improve the effectiveness of risk management, control and governance processes of the department. Some impact will be economic and will be measurable in dollar terms, while others will provide intangible benefits which may not be measurable. Other benefits will be an improvement in the efficiency and effectiveness in the operations of the department. Internal Audit adds value to all areas of City activity which are audited.

**Communications Plan**

The report will be posted on the web by the Corporate Communications Department.

**Purpose**

To present to the Audit and Operational Review Committee, the Internal Audit Report of the Property Tax department.

**Background - Analysis and Options**

The audit was part of the 3 year risk-based Internal Audit Work Plan which was approved by the Audit and Operational Review Committee.

The internal audit report is provided as an attachment. The Executive Summary in the report summarizes the major findings. The report includes, for all deficient items, (1) the observations of the auditor, (2) the implications, (3) the auditor's recommendations, (4) Management's response for corrective actions and (5) the auditor's response to the corrective actions.

**Relationship to Vaughan Vision 2020**

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

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**Regional Implications**

Not applicable

**Conclusion**

1. The Internal Audit Report includes the audit findings, recommendations and corrective actions.
2. The Director and Manager of the department/operation audited, have responded favourably to the observations and recommendations in the Internal Audit Report.
3. When all corrective actions are implemented, (1) internal controls will be improved, (2) the quality of performance in carrying out assigned responsibilities will be enhanced, (3) the department/operation will operate more effectively and efficiently and (4) the Internal Audit department will have added value to the organization and assisted members of the organization in the effective discharge of their responsibilities.

**Attachments**

Internal Audit Report of Property Tax Department.

**Report prepared by:**

Michael Tupchong, CA, CIA, CPA, CFE  
City Auditor

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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Item 3, Report No. 3, of the Audit and Operational Review Committee, which was adopted without amendment by the Council of the City of Vaughan on November 24, 2009.

**3                    REPORT BY THE CITY AUDITOR WITH RESPECT TO THE SUPPLEMENTAL  
REPORT REGARDING THE MAYOR'S CITY-RELATED EXPENSES FOR 2007**

**The Audit and Operational Review Committee recommends:**

- 1)        **That the recommendation contained in the following report of the City Auditor, dated November 16, 2009, be approved;**
- 2)        **That the Chair of the Audit and Operational Review Committee and appropriate staff be requested to review and resolve the outstanding issues with the Mayor; and**
- 3)        **That the deputation of Ms. Carrie Liddy, 36 Humberview Drive, Woodbridge, L4H 1B1, and written submission dated November 16, 2009, be received and referred to staff for a report on the issue raised by the deputant on the exercising of public rights.**

**Recommendation**

The City Auditor recommends:

That Attachment 1 of this report, being the City Auditor's response for Clauses 3 and 4 of Item 1, Report No. 1 Audit and Operational Review Committee, adopted at the Council Meeting of June 15, 2009, be approved.

**Economic Impact**

There is no economic impact.

**Communications Plan**

Staff in consultation with Corporate Communications will develop appropriate communication materials.

**Purpose**

The purpose of this report is to provide the City Auditor's report on recommendations by Ernst and Young LLP in their report on the Mayor's City-related Expenses for 2007,

**Background - Analysis and Options**

At the Audit and Operational Review Committee meeting dated June 1, 2009, and as ratified by Council June 15, 2009, the City Auditor was directed to provide a further report addressing Clauses 3 and 4 of the City Auditor's report on the Supplemental Report regarding the Mayor's City-Related Expenses for 2007 by Ernst and Young LLP. Clauses 3 and 4 provide as follows:

3. That in response to recommendations 1, 2, 4, 8 in the E&Y Supplemental Report, "Policy 01.14" Council Budget Expenditure Policy:
  - i. Recommendation 1 – paragraph 4.1.6 be amended to include "fuel"
  - ii. Recommendation 2 – the summary page of the cellular phone bill indicating the cellular phone number and total charges relating to that phone number be submitted in support of the approved claim

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- iii. Recommendation 4 – the wording be clarified with respect to business meals to require both the original detailed restaurant invoice and the transaction slip submitted and that supporting documentation be expanded to include who attended and the business purpose
  - iv. Recommendation 8 – guiding principles be amended as follows: “2.10 – All Corporate and Council expenditures must be supported by appropriate documentation and original receipts.”
4. That the Audit and Operational Review Committee provide direction on the following Recommendations from page 2 of the Supplemental Report regarding the Mayor’s City-related expenses for 2007:
- i. Recommendation 5           Entertaining Staff Members and Spouses
  - ii. Recommendation 6        York Region expenses
  - iii. Recommendation 7        Mayor and Repayment of Cellular Telephone Amounts
  - iv. Recommendation 9         Appropriate Action to be taken for non-compliance
  - v. Recommendation 10        Consumption of Alcohol at City funded business meals
  - vi. Recommendation 11        Attendance of Spouses at City-funded events.

The attached Table 1 provides the recommendations of Ernst and Young LLP and the recommendations of the City Auditor relating to the direction of Council on June 15, 2009 to address Clauses 3 and 4.

**Relationship to Vaughan Vision 2020**

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

**Regional Implications**

Not applicable

**Conclusion**

The City Auditor was directed to bring forward a further report on the recommendations made by Ernst and Young LLP in their Supplemental Report regarding the Mayor’s City-related expenses for 2007 regarding:

(a) Changes to Policy 01.14 Council Budget/Expenditure Policy

(b) Specific issues in their findings for which direction is sought from the Audit and Operational Review Committee on how to deal with them.

In this report, the City Auditor proposes to revise paragraphs of Policy 01.14 Council Budget Expenditure Policy with the changes for the Audit and Operational Review Committee to approve.

On the specific issues of point 4 above, the City Auditor has provided more information and recommendations for the Audit and Operational Review Committee to consider before they make a decision on the direction the City should take.

**Attachments**

- 1. Table 1 of the City Auditor addressing Clauses 3 and 4
- 2. Current Policy 01.14 Council Budget/Expenditure Policy

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**Report prepared by:**

Michael Tupchong, CA, CIA, CPA, CFE  
City Auditor

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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Item 4, Report No. 3, of the Audit and Operational Review Committee, which was adopted without amendment by the Council of the City of Vaughan on November 24, 2009.

**4                    PRELIMINARY DRAFT COUNCIL MEMBER EXPENSE POLICY**

The Audit and Operational Review Committee recommends:

- 1)     That the preliminary draft Council Member Expense Policy be received and referred to the next available Committee of the Whole (Working Session) meeting;
- 2)     That staff provide a report on the process, including timeframes and the proposed establishment of a task force;
- 3)     That the preliminary draft Council Member Expense Policy be posted on the City's website as soon as possible and that the public be encouraged to provide comments;
- 4)     That the following report of Regional Councillor Rosati, dated November 16, 2009, be received;
- 5)     That the deputation of Ms. Carrie Liddy, 36 Humberview Drive, Woodbridge, L4H 1B1, and written submission dated November 16, 2009, be received.

**Recommendation**

Regional Councillor Gino Rosati recommends:

That the preliminary draft Council Member Expense Policy be received for discussion.  
That staff finalize the Council Member Expense Policy prior to year-end.

**Economic Impact**

There is no economic impact.

**Communications Plan**

Not applicable as the policy is a preliminary draft policy being tabled for discussion.

**Purpose**

To review the preliminary draft prepared by the City Auditor and to have open discussion with Members of Council to understand the contents and ramifications of the Policy before the policy is further refined and finalized.

**Background - Analysis and Options**

At the Audit and Operational Review Committee meeting of June 30, 2009, the Committee directed the City Auditor to undertake a comprehensive review of the current Council Budget Expenditure Policy in consultation with senior management and the Audit and Operational Review Committee.

The existing Council Budget / Expenditure Policy have been in place since 1995 with revisions taking place in 2006, 2007 and the latest on September 21, 2009.

The May 2009 Ernst and Young Supplementary Report considered by Council in June 2009 recommended further review of specific provisions of the policy.



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An updated comprehensive policy will provide more detail and clarity as well as simplicity in its interpretation

With the Code of Ethical Conduct for Members of Council now in place, Council Members now need a comprehensive Expense Policy which provides guidance on office expenses; what is allowed, what is not and what information is required on certain expenses.

**Relationship to Vaughan Vision 2020**

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

**Regional Implications**

Not applicable

**Conclusion**

The preliminary draft Council Member Expense Policy is being brought forward at this time for discussion.

**Attachments**

Draft Report on the Council Member Expense Policy.

**Report prepared by:**

Gino Rosati, Chair of the Audit and Operational Review Committee

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Item 5, Report No. 3, of the Audit and Operational Review Committee, which was adopted without amendment by the Council of the City of Vaughan on November 24, 2009.

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**5                   NEW BUSINESS – INCLUSION OF OVERALL ASSESSMENT RATING IN  
                          FUTURE AUDIT REPORTS**

**The Audit and Operational Review Committee recommends that future audit reports also include an overall assessment rating of the findings and that the City Auditor and senior management be requested to develop the reporting format.**

The foregoing matter was brought to the attention of the committee by Regional Councillor Rosati.