

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 14, 2009

Item 1, Report No. 4, of the Audit and Operational Review Committee, which was adopted without amendment by the Council of the City of Vaughan on December 14, 2009.

1 INTERNAL AUDIT REPORT OF BUILDING AND FACILITIES 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 25, 2009, be implemented and that a further report be provided on the implementation of the recommendations;
- 2) That the Internal Auditor's recommendations with respect to the signing of all invoices be referred back to the Auditor so that he can meet with the Director of Financial Services to ensure that the appropriate internal controls are balanced against operational efficiency;
- 3) That the Commissioner of Legal and Administrative Services/City Solicitor, along with appropriate staff, investigate through looking at other municipalities whether a policy should be implemented relating to relatives obtaining work through the City; and
- 4) That the deputation of Mr. Richard Lorello, 235 Treelawn Blvd., P.O. Box 927, Kleinburg, L0J 1C0, and written submission dated November 25, 2009, be received.

Recommendation

The City Auditor recommends:

That the Internal Audit Report of Building and Facilities 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 audit 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 Building and Facilities 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.

A special request was also made by the City Manager to do this audit with a Terms of Reference as follows:

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TERMS OF REFERENCE

To review for 2008 (with some review back to 2004), expenses and revenue of each cost centre with supporting documentation to verify whether:

- 1) adequate supporting documentation are available to support the expense/revenue
- 2) proper signed approvals were obtained to purchase the services/goods
- 3) services/goods were received and signed for on the Packing slips, Invoices or Field Purchase Orders/Purchase Orders
- 4) the Invoices were reviewed and signed to verify their correctness and approval to pay
- 5) there were correct allocation of the expenses to the appropriate accounts
- 6) Purchasing policy was followed in terms of the Field Purchase Order or Purchase Order limits
- 7) the Purchase Order was circumvented by using multiple FPO's
- 8) total purchases exceeded \$100,000 for the year whereby Bid documents should have been issued, and if so, to verify that the contracts were adhered to.
- 9) (1) to (8) above is also adhered to for SLF General Contracting Inc. and Vitriflex Surfaces Inc in comparison to other contractors and to note if there are any noticeable differences in treatment.
- 10) Internal Control, Corporate Governance and Risk Management can be improved and to make recommendations
- 11) department resources are used effectively and efficiently and whether department processes can be improved for greater efficiency and effectiveness
- 12) department assets are protected and safeguarded from loss

The internal audit report is provided as an attachment. The report explains the definition and objective of internal auditing as well as the scope of internal audit work. The report includes, for all deficient items, (1) the observations of the auditor, (2) the implications, (3) the auditor's recommendations, (4) the commissioner'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.

Regional Implications

Not applicable

Conclusion

1. The Executive Summary in the report highlights the findings of the audit.
2. The commissioner 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 Building and Facilities Department

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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 2, Report No. 4, of the Audit and Operational Review Committee, which was adopted without amendment by the Council of the City of Vaughan on December 14, 2009.

2 FOLLOW-UP RECOMMENDATIONS AND REPORT BY BSA INC.

The Audit and Operational Review Committee recommends approval of the recommendation contained in the following report of the City Manager, the Commissioner of Legal & Administrative Services & City Solicitor and the City Advisor, dated November 25, 2009:

Recommendation

The City Manager, the Commissioner of Legal & Administrative Services & City Solicitor, and the City Advisor recommend:

1. That the confidential report of Ben Soave Associates Inc. dated October 29, 2009, be received, and;
2. That staff report back on the recommendations in the confidential report.

Contribution to Sustainability

Not applicable.

Economic Impact

Not applicable.

Communications Plan

Corporate Communications has prepared key messages related to this report.

Purpose

To report on the follow-up recommendations of BSA made following direction Council June 30, 2009.

Background – Analysis and Options

At the Audit and Operational Review Committee meeting of June 29, 2009, following presentation of a confidential report of Ben Soave Associates Inc., the following recommendation was made:

“That the Terms of Reference be extended to provide Ben Soave Associates Inc. (BSA) the opportunity to make recommendations to City of Vaughan staff with respect to this matter.”

This resulted in BSA Inc. conducting additional work, which is reported on in the document dated October 29, 2009, provided under separate confidential cover.

Relationship to Vaughan Vision 2020/Strategic Plan

Not applicable.

Regional Implications

Not applicable.

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Conclusion

Staff will report back on the recommendations contained in the confidential report.

Attachments

None