

AUDIT AND OPERATIONAL REVIEW COMMITTEE - JUNE 1, 2009

SUPPLEMENTAL REPORT REGARDING THE MAYOR'S CITY-RELATED EXPENSES FOR 2007

Recommendation

The City Auditor recommends:

1. That the original report (Report on the Mayor's City-related Expenses for 2007 dated December 3, 2008 (Attachment 1) be received;
2. That the Supplemental Report regarding the Mayor's City-Related Expenses for 2007 by the external auditing firm of Ernst & Young LLP (E&Y) be received;
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
 - 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.
5. That appropriate Staff address recommendation 3 on page 2 of the Supplemental Report under the Code of Conduct for Municipal Employees.

Economic Impact

A Request for Proposal was issued to invite forensic auditing firms to submit a proposal on the conduct of an investigation on the Mayor's City-Related Expenses for 2007. The successful proposal was received from Ernst & Young LLP at a cost of \$40,774.29 (GST included).

Ernst & Young LLP presented their Original Report dated 03 December 2008. The Supplemental Report is dated May, 14 2009. The final cost is not known at this time.

Communications Plan

Ernst & Young LLP's Supplemental Report will be presented in open session at the Audit and Operational Review Committee meeting. Staff in consultation with Corporate Communications will develop appropriate communication materials.

Purpose

To present to the Audit and Operational Review Committee, the Supplemental Report regarding the Mayor's City-Related Expenses for 2007 prepared by the external independent Chartered Accountant firm of Ernst & Young LLP.

Background - Analysis and Options

The City's Internal Auditor was directed to arrange for an external audit of the Mayor's 2007 expenses. On December 5, 2008, Ernst & Young LLP presented their forensic audit report (Original Report dated 03 December 2008) on the Mayor's City-Related Expenses for 2007 to the Audit and Operational Review Committee.

At the meeting, a number of questions and concerns were raised regarding the report. Ernst & Young LLP were asked to do more work to address the original Terms of Reference as stated in the Request for Proposal. They were also asked to present their recommendations on their findings.

As a result, this Supplemental Report is presented to address the questions and concerns of all Members of Council.

The Supplemental Report is to be read in conjunction with the Original Report dated 03 December 2008.

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 Supplemental Report regarding the Mayor's City-related expenses for 2007, prepared by Ernst & Young LLP, is to be presented to the Audit and Operational Review Committee on June 1, 2009.

The Supplemental is to be read in conjunction with the Original Report dated 03 December 2008.

The Supplemental Report addresses the concerns and questions of Members of Council from the Original Report. The Supplemental Report specifically addresses the Terms of Reference of the engagement and provides their recommendations from their findings.

Attachments

1. Original Report dated December 3, 2008.
2. Supplemental Report regarding the Mayor's City-Related Expenses for 2007 prepared by Ernst & Young LLP.

Report prepared by:

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City Auditor

Respectfully submitted,

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City Auditor