

Audit Committee Meeting Report No. 3

June 8, 2010

A regular meeting was convened at 4:00 pm, Tuesday, June 8, 2010, at 43 Millwood Road, 3rd Floor, Toronto, Ontario, with David Crombie presiding as Acting Chair on behalf of Chair Jane Marshall. J. Marshall assumed the Chair upon arrival.

The following members were present: D. Crombie and Bruce Davis.

1. Call to Order

The meeting was called to order by David Crombie, Acting Chair, presiding.

2. Approval of the Agenda

B. Davis, seconded by D. Crombie, moved: **That the agenda be approved as distributed.**

3. Declarations of Possible Conflict of Interest

There were no declarations of possible conflict of interest.

4. 2009-2010 Audit Plan

Presentation by Paula Jesty, Deloitte Chartered Accountants

Committee members had for their consideration the report titled, *2009-2010 Audit Plan*.

S. Hoy invited Paula Jesty, Deloitte Chartered Accountants, to present the 2009-10 Audit Plan to Committee Members. P. Jesty spoke to the plan as included in the agenda package.

B. Davis, seconded by D. Crombie, moved the following:

- a) **The Deloitte Chartered Accountants be reaffirmed as the audit firm for the TLC for the financial year of the Corporation ending August 31, 2010;**
- b) **That an approximate fee of \$15,000 for this audit be approved; and**
- c) **That the proposed Audit Plan for 2009-10, as presented by Deloitte Chartered Accountants, be approved.**

The motion was carried.

5. Building and Maintenance Audit Results

Committee members had for their consideration a report titled *Building and Maintenance Audit Results*.

M. Tenenbaum noted that the above report is in direct response to a request from the Audit Committee in September, 2009. At that time, the Audit Committee requested that staff report back on the findings of the audit firm to the next meeting of the Audit Committee in 2010.

M. Tenenbaum reviewed the report with committee members, highlighting findings and recommendations proposed by the consultants.

B. Davis expressed a desire for more detailed work in association with these audit results. A need for the following was suggested:

- Findings reflect that TLC properties are not a priority for TDSB maintenance and construction workers. If the timelines for repairs are too lengthy to TLC sites, why are maintenance and construction workers being laid off at the TDSB?
- As a corporation which is managing non-school sites, are we spending too much or too little on these sites in comparison to other similar property management companies?
- Are the prices that the TLC is paying for repairs and maintenance projects in line with other similar companies?

The Chair noted that even with the lack of history on a comparative basis, the consultants should be able to conduct a follow-up by asking for industry standards regarding the type of work that is being undertaken in TLC sites.

S. Hoy noted that the results have indicated the following for the TLC:

- Changes must be made to how the TLC works with the TDSB staff in regard to maintenance issues.
 - TLC must be seen as a higher priority in the system.
 - TLC must have greater control in approving maintenance work orders.

The Chair noted that there are numerous ways to put a level of discipline into current processes. Small fixes such as stipulating that *written work orders must include unit costs, measurements, etc., before work will be authorized to proceed.*

D. Crombie, seconded by B. Davis, moved the following recommendations:

- a) **That the results from the *Building and Maintenance Audit*, as outlined in this report, be received;**
- b) **That staff review and implement the recommendations as outlined in the *Building and Maintenance Audit*, with associated policies and procedures, to reflect these improvements;**
- c) **That TLC staff meet with the new Chief Facilities Officer to work through the accountability measures outlined in the recommendations from the *Building and Maintenance Audit*, in an effort to develop appropriate policies and procedures; and**
- d) **That staff report back to the next Audit Committee meeting with an update on progress to date.**

The motion was carried.

6. Review of Lease Revenue Receivables – Expanded Audit

Committee members had for their consideration a report titled *Review of Lease Revenue Receivables – Expanded Audit*. S. Hoy noted that this report was developed and brought to Audit as a result of a discussion at the Audit Committee on September 8, 2009.

P. Jesty, Deloitte Chartered Accountants, reported on the above expanded audit. It was noted that no major weaknesses were identified, however, suggested areas for improvement are noted and management is in agreement with these suggested changes.

D. Crombie, seconded by B. Davis, moved the following recommendations:

- a) **The expanded audit/review of the lease revenue and receivables cycle for properties managed by the Toronto Lands Corporation, be received; and that**

- b) **Staff review and implement the recommendations as outlined in the Deloitte report and report back to the Audit Committee, at a future meeting, with associated policies and procedures, if required, to reflect these improvements.**

The motion was carried.

7. New Business

Nil

8. Adjournment

At 4:45 p.m., on a motion of D. Crombie, seconded by B. Davis, the meeting adjourned.