

## **Audit Committee Meeting Report No. 2**

November 9, 2009

A regular meeting was convened at 5:00 pm, Tuesday, September 8, 2009, at 43 Millwood Road, 3<sup>rd</sup> Floor, Toronto, Ontario, with Jane Marshall, Chair, presiding.

The following members were present: D. Crombie. B. Davis participated by electronic means.

### **1. Call to Order**

The meeting was called to order by Jane Marshall, 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. Proposed Meeting Dates for 2010**

The *Proposed Meeting Dates for 2010* schedule were distributed for review by Committee members. There were no requests for changes to the proposed dates for the Audit Committee's 2010 meeting dates.

### **5. Auditor's Report**

Committee members had for their consideration a report titled *Auditor's Report*.

S. Hoy requested that P. Jesty and C. Abou-Saab, of Deloitte Touche, present the Auditor's Report to the Audit Committee. The Auditors highlighted the following:

- A standard approach to the presentation of the Auditor's report was used.
- Full cooperation and disclosure was provided by both TLC and TDSB staff, as required.
- Adjustments due to year-end cut-off are reflected and are normal.
- Internal controls are highlighted for future improvement. TLC's development of policies and procedures is underway, to formalize all existing approaches.

Overall, the Auditors indicated that the first year audit for the TLC went very well.

Several comments/questions were raised by Committee members. The following responses were provided by staff:

- TLC financial status will be rolled-up into the TDSB financial statements for 2008-09. The net revenues from disposition will be rolled up by identifying the gross sales, less direct expenditures associated with the sales and less associated staffing and operational costs. D. Higgins will identify the net variance associated with the 2008-09 financial position for the TLC and the implication on the TDSB operating capital budgets. D. Higgins will prepare a memo to the TDSB financial statements in regard to this variance. This will be before the TDSB Board for consideration.
- At this time, the TLC is proceeding as a corporation that is tax exempt from provincial and federal taxes. Although legislation is pending in this regard, it was suggested that a comment be captured to reflect this operational status. The Auditors indicated that this comment will be reflected under Note 1 of the Financial Statements.

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

**That the Draft audited financial statements of the Toronto Lands Corporation for its fiscal year ending August 31, 2008 be approved.**

**The motion was carried.**

## **6. Building Maintenance and Capital Repairs Processes for Audit – TLC Sites**

Committee members had for their consideration a report titled *Building Maintenance and Capital Repairs Processes for Audit – TLC Sites*. 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. The intent is to undergo a review of existing processes and procedures, in an effort to improve the TLC's *value for money* approach to properties, where possible.

B. Davis requested confirmation that the above noted audit reflect full disclosure of all costs (labour plus all additional costs) associated with maintenance and capital repairs projects at the TLC sites. S. Hoy confirmed that unit pricing and beyond will be looked at as a part of this audit. The deliverable will be a fact-based report; the findings will then have to be discussed with the Audit Committee in order to determine the corporation's move forward position.

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

- a) **That the proposed scope of work for audit of the *building maintenance and capital repairs processes, for TLC sites, outlined in this report be approved;***
- b) **That an auditor be retained, based on an RFP for the above work, at a cost less than \$50,000; and**
- c) **That staff report back on the findings of the auditor to the next meeting of the Audit Committee in 2010.**

**The motion was carried.**

S. Hoy noted that the next meeting of Audit Committee will be June 15, 2010.

## **7. Review of Lease Revenue Receivables**

Committee members had for their consideration a report titled *Review of Lease Revenue Receivables*.

S. Hoy again noted that this expanded audit was requested at the September 8<sup>th</sup> Audit Committee meeting. Deloitte representatives then worked with staff to develop the scope of the work plan presented. The deliverable will outline findings and recommendations for improvement.

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

- a) **That the proposed scope of work for audit/review of the lease revenue and receivables cycle for properties managed by the Toronto Lands Corporation (Appendix 1), be approved;**
- b) **That Deloitte & Touche LLP be retained as the auditor for the noted work, at a cost of approximately \$9,500 – 12,500, depending on the time required to complete the analysis; and**
- c) **That the auditor report back on the findings of the review to the next meeting of the Audit Committee in 2010.**

**The motion was carried.**

## **8. New Business**

Nil

## **9. Adjournment**

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