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Windsor, Ontario August 5, 2011

A meeting of the **Audit Committee** is held this day commencing at 8:15 o'clock a.m. in Room 409, 400 City Hall Square East, there being present the following members:

Maxwell Zalev, Chair
Bill Carter
George Sandala, *(arrives at 9:35 o'clock a.m.)*

Regrets received from:

Ronna Warsh, Community Development & Health Commissioner
Onorio Colucci, Chief Financial Officer and City Treasurer
Helga Reidel, Chief Administrative Officer

Also present are the following resource personnel:

Todd Langlois, Auditor General
Florence Lee-St. Amour, Auditor, Auditor General's Office
Joe Mancina, Deputy Treasurer, Financial Accounting
John Miceli, Manager of Facilities
Mario Sonego, City Engineer
Nick Thomas, KPMG
George Wilkki, City Solicitor
Susan Vadori, Acting Committee Coordinator

1. CALL TO ORDER

The Chair calls the meeting to order at 8:16 o'clock a.m. and the Committee considers the Agenda being Schedule "A" **attached** hereto, matters which are dealt with as follows:

2. DECLARATIONS OF CONFLICTS

None

3. IN CAMERA

Verbal Motion is presented by B. Carter, seconded by M. Zalev to move In Camera at 8:17 o'clock a.m. for discussion of the following items:

Item No.	Subject	Section-Pursuant to Municipal Act, 2001, as amended
3.1	Personal matters about an identifiable individual, including municipal or local board employees	s. 239(2)(b)
3.2	Personal matters about an identifiable individual, including municipal or local board employees	s. 239(2)(b)
3.3	Personal matters about an identifiable individual, including municipal or local board employees	s. 239(2)(b)

Motion Carried.

Discussion on the item of business (Item 3.1).

Discussion on the item of business (Item 3.2).

Discussion on the item of business (Item 3.3).

A private session is held with the Committee members and the Auditor General, and Nick Thomas, KPMG. All other members of Administration are asked to leave the room.

Verbal Motion is presented by B. Carter, seconded by M. Zalev, to move back into public session at 9:05 o'clock a.m.

Motion Carried.

Moved by B. Carter, seconded by M. Zalev,

THAT the Clerk BE DIRECTED to transmit the recommendation(s) contained in the report(s) discussed at the In Camera Audit Committee meeting held August 5, 2011 directly to the Audit Committee for consideration at the next Regular Meetings.

That the verbal direction of the Audit Committee relating to the In Camera Item 3.1 **BE RECEIVED,**

That the verbal direction of the Audit Committee relating to the In Camera Item 3.2 **BE RECEIVED,**

That the verbal direction of the Audit Committee relating to the In Camera Item 3.3 **BE RECEIVED** and that the Auditor General **BE DIRECTED** to close out and complete the Hotline items.

Motion Carried.

Mario Sonego, City Engineer does not return to public session of meeting.
George Wilkki, City Solicitor does not return to public session of meeting.

4. NEW BUSINESS ITEMS

4.1 AGO FINANCIAL SUMMARY BUDGET – as at June 30, 2011

T. Langlois notes that this agenda item is provided for update purposes. The Committee generally discusses and notes some amounts forecasted for the remainder of 2011 regarding salaries, benefits, consultants and other variances.

John Miceli, Manager of Facilities returns to the meeting at 9:10 o'clock a.m.

B. Carter inquires and it is generally agreed that Item 7, AGO Office Facilities – Report dated July 29, 2011 could be brought forward for consideration by the Audit Committee at this point in the Agenda.

7. AGO OFFICE FACILITIES – Report dated July 29, 2011

J. Miceli notes that at a previous meeting January 13, 2011 Item 5.1 of that agenda included the Relocation of the AGO Office Move Update and noted that the AGO would remain at its present location of 68 Chatham Street East and that transition into the AGO's permanent location be developed by enlarging that present space. However, J. Miceli provides a brief update regarding the present and temporary location of the AGO staff located at 68 Chatham Street East and notes changes to the proposed location of the AGO.

J. Miceli updates the Committee regarding the proposed conversion of the existing Conference Rooms being 406 and 407 located in 400 CHSE into the new proposed location for the AGO offices. J. Miceli distributes a proposed AGO floor plan, attached Appendix "A" (as amended). These proposed drawings indicate the reconfiguring of and the location of walls and office spaces, a meeting room and Business Centre & Storage and waiting room.

J. Miceli notes that:

- The proposed office spaces areas are consistent with the rest of the established office spaces within the 400 CHS building;
- All drawings for this proposed renovation is completed in-house and these design plans meet all corporate standards and building codes;
- An attempt to maintain the 400 building standardized furniture office systems is encouraged by the Facilities Department;
- The Committee encourages any repurposing of existing furniture stock for the new AGO offices;
- The Committee is reminded that alternative secured storage space is available at another City maintained location, if the proposed storage space is inadequate;
- An attempt to minimize the demolition cost and to not limit future reconversion purposes of the rooms considered for this use in this project.

The Committee generally discusses the proposed use. Due to anticipated cost associated with the reconstruction, it is suggested that a two-phased project approach may be appropriate.

It is noted by J. Miceli that by reducing the project to only using one of the two conference rooms, this will not provide a cost reduction of half the estimated project cost of \$96,401.00. J. Miceli is instructed to redraw the plans using only one conference room, and indicate the cost reduction when undertaking a phasing of the proposed construction. The Committee determines that only one conference room (currently known as Room 407) would be considered in this initial phase, which would include AGO offices, and possibly a Business Centre & Storage and waiting area. An internal doorway would be installed and included in this initial phase linking Rooms 406 and Room 407 for future ease of expansion of the AGO into the meeting/conference room. Room 406 would initially serve as a conference room dedicated to the AGO. A future Phase Two area, (currently known as Conference Room 406) would be part of the future project and may include additional office space and a smaller dedicated AGO meeting room.

The Committee encourages T. Langlois and J. Miceli to meet, prepare an amended report including the requested amendments and budget considerations and forward the new amended AGO facility report to the Executive Committee.

G. Sandala arrives in meeting at 9:35 o'clock a.m.

Moved by B. Carter, Seconded by M. Zalev,
That the report by T. Langlois dated July 29, 2011 entitled, "*Auditor General's Office Facilities*, **BE RECEIVED** and **BE RECOMMENDED** for approval of the Auditor General's Office ("AGO") and John Miceli, Manager of Facilities, status update and recommendations for the AGO facility and location, including: as amended

- 1.1 the AGO is to be moved to the 400 City Hall Square East building;
- 1.2 the AGO office construction is to be a two-phased project;
- 1.3 Phase I will include one conference room at 400 CHSE, presently known as Room 407 which will include AGO offices, and possibly a Business

Centre & Storage and waiting area. An internal doorway will be installed and included in this initial phase linking Rooms 406 and Room 407 for future ease of expansion of the AGO into the meeting/conference room. Room 406 would initially serve as a conference room dedicated to the AGO. A future Phase Two area, (currently known as Conference Room 406) would be part of the future project and may include additional office space and a smaller dedicated AGO meeting room;

- 1.4 That a budget be developed accordingly in consideration of the reduced space and repurposing of existing office furniture, and the reduced budget is to be determined by the Manager of Facilities and the Auditor General;
- 1.5 The Chief Financial Officer & City Treasurer is requested to provide a funding source for the renovation cost, which is to be paid out of a specified reserve if possible;
- 1.6 Additional details to be discussed by the Auditor General and the Manager of Facilities;
- 1.7 That the report from the Auditor General to the Audit Advisory Committee **BE DIRECTED** to the Clerk, to forward the Audit Advisory Committee amended recommendations for approval of the AGO facilities as set out in this memo and as discussed and amended, to the Executive Committee of Council for approval.

Carried.

J. Miceli leaves meeting at 9:36 o'clock p.m.

4.2 CHARTERS

4.2.1 Auditor General's Office Charter June 2011

4.2.2 Executive Committee of Council – Oversight Responsibilities Charter – Audit/Financial/Other June 2011

4.2.3 Audit Advisory Committee Charter June 2011

The Committee considers and generally discusses the Auditor General's Office Charter. The discussions include:

- Committee members note concern and a philosophical inconsistency that the existing Committee members would approve the Charters for the next committee to abide by.
- Yet, Committee notes that by establishing the Charters, these documents would provide direction and assistance to the AGO office for their use in moving forward.
- Discussion regarding the proposed preferred wording and reporting paths as they interact with the relationships of the AGO/the ECC/Audit Advisory Committee and any possible discrepancies are vetted.

Moved by B. Carter, Seconded by G. Sandala

That the Charters (Items 4.2.1, 4.2.2, 4.2.3) **BE RECEIVED** for information and that the Committee members **BE REQUESTED** to forward their comments within the next two weeks to the Auditor General for consideration.

Carried

4.3 PROTOCOLS - AGO Auditor General Report dated July 29, 2011

4.3.1 Protocol for Communicating Audit Advisory Committee Business to the Executive Committee of Council (updated)

4.3.2 Protocol for the Dissemination of Audit Reports (updated)

4.3.3 Protocol for the Concerned Citizen/Employee/Stakeholder Hotline (updated)

4.3.4 Protocol for the Auditor General's Office Key Deliverables (new)

4.3.5 Protocol for the Auditor General's Office Administrative Items (new)

The Committee consider the Protocols and offers the following comments:

- 4.3.2 Protocol for the Dissemination of Audit Reports (updated),(refer to pages marked page 3 of 5 & page 4 of 5) the Committee discusses the flow chart plan with respect to the timing of a report to Council and ultimately to the public for release (clarification by Committee) includes:
 - all reports must be viewed by ECC prior to public release;
 - all comments from Audit Committee will migrate with report for ECC awareness.

N. Thomas leaves meeting at 10:15 o'clock a.m.

The Committee members are requested to forward their comments within the next two weeks to the Auditor General for consideration.

Moved by B. Carter, Seconded by G. Sandala,

That the Protocols **BE RECEIVED** for information and that:

- 4.3.1 Protocol for Communicating Audit Advisory Committee Business to the Executive Committee of Council (updated);
- 4.3.2 Protocol for the Dissemination of Audit Reports (updated);
- 4.3.3 Protocol for the Concerned Citizen/Employee/Stakeholder Hotline (updated);
- 4.3.4 Protocol for the Auditor General's Office Key Deliverables (new);
- 4.3.5 Protocol for the Auditor General's Office Administrative Items (new); and **BE APPROVED** (as amended), and that the Clerk **BE DIRECTED** to forward the Audit Advisory Committee recommendations (as amended), to **BE FORWARDED** to the Executive Committee of Council (ECC).

Carried

5. **2011 REVISED WORK PLAN**

The Committee notes that presently:

- Items No. 1, 2, 3, 6, 7 will take precedence considering current resource constraints;
- That additional hours and resources would be required for Items No. 4, 5 and 8.

Moved by B. Carter, Seconded by G. Sandala

That the 2011 Revised Work Plan **BE RECEIVED**, as amended to include Items 1, 2, 3, 6, and 7 and additional hours and resources would be required for Items 4, 5 and 8 and that the 2011 Revised Work Plan **BE APPROVED** by the Audit Advisory Committee.

Carried

6. **AUDIT ADVISORY COMMITTEE (AAC)/EXECUTIVE COMMITTEE OF COUNCIL (ECC) AGENDA PLANNER 2011 – 2ND Quarter Report, dated July 19, 2011**

The Committee notes that this proposed Agenda Planner for 2011 is dependent on the proposed Charters and the amendments that could be included.

The Committee stresses the need for consistency and suggests adding rows to separate ECC and AAC roles. (i.e. Item #27 Conduct annual Auditor General performance review).

Moved by B. Carter, Seconded by G. Sandala,

That Audit Advisory Committee (AAC)/Executive Committee of Council (ECC) Agenda Planner 2011 – 2ND Quarter Report, dated July 19, 2011 **BE RECEIVED** for information purposes.

Carried

8. **AUDIT MANAGEMENT SOFTWARE (AMS)**

T. Langlois verbally updates the Committee, noting nothing new to report on this item however from time to time will update the Committee with any new information received.

9. **HOTLINE**

T. Langlois verbally updates the Committee that research is necessary regarding options to outsource the receipt of calls and a web-submit function.

10. **DATE OF NEXT MEETING**

The next meeting of the Audit Committee is at the call of the Chair.

8. **ADJOURNMENT**

There being no further business, the meeting is adjourned at 10:33 o'clock a.m.

CHAIR

ACTING COMMITTEE COORDINATOR