



Location:	Council Chamber, Tom Davies Square
Commencement:	4:04 PM
Adjournment:	5:27 PM

## Minutes

**For the 10<sup>th</sup> Audit Committee Meeting held  
Wednesday, October 5, 2011**

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### **COUNCILLOR CLAUDE BERTHIAUME, IN THE CHAIR**

#### Present

Councillors Cimino, Barbeau, Rivest, Kilgour, Belli, Craig Caldarelli, Kett (A4:59PM), Mayor Matichuck

#### City Officials

Doug Nadorozny, Chief Administrative Officer; Greg Clausen, General Manager of Infrastructure Services; Bill Lautenbach, General Manager of Growth and Development; Catherine Matheson, General Manager of Community Development; Caroline Hallsworth, Executive Director, Administrative Services/City Clerk; Tim Beadman, Chief of Emergency Services; Kevin Kowke, Director of Human Resources/Organization Development; Lorella Hayes, Chief Financial Officer/Treasurer; Brian Bigger, Auditor General; Eliza Bennett, Manager of Communications and French Language Services; Paddy Buchanan, Manager of Accounting; Robert Gauthier, Manager of Transit Operations; Christine Hogarth, Chief of Staff, Mayor's Office; Jason Nelson, Audio/Visual Operator; Liz Collin, Council Secretary

#### News Media

CBC Radio; Le Voyageur; MCTV; Radio Canada; Sudbury Star

#### Declarations of Pecuniary Interest and the General Nature Thereof

None declared.

## **Presentations**

- 1 . Report dated September 29, 2011 was received from the Auditor General regarding Audit Followup Status Report – Cash Handling – Transit and Parking.  
  
Brian Bigger, Auditor General, gave an electronic presentation regarding Audit Followup Status Report – Cash Handling – Transit and Parking. He stated 39 out of the 44 recommendations have been implemented, with two recommendations not fully implemented and three recommendations no longer relevant.
- 2 . Report dated September 29, 2011 was received from the Auditor General regarding the 2010 Audit of Contract Management – Transit Kiosk and Café Agreements.  
  
Brian Bigger, Auditor General, gave an electronic presentation regarding the 2010 Audit of Contract Management – Transit Kiosk and Café Agreements. The Auditor General stated the audit was conducted as an extension of the Conventional Transit Audit based on information received from the Transit and the Accounts Payable audits. The Audit was completed to evaluate the quality of stewardship over public funds relating to the issuance, renewal and administration of contracts and

included a review of the Transit Kiosk, Transit Café and the Airport Café contracts and relevant policies, procedures and by-laws. He reviewed various legal documents relating to the closure, collection attempts and court judgements for the outstanding account receivables, conducted interviews with Transit and Finance management and the City Solicitor as well as with outside legal counsel. He reviewed the audit findings and identified other available methods to protect the cash proceeds from significant loss. He stated KPMG became aware of the arrears in January 2008 and in May 2008 a Request for Decision regarding Transit Administration Staffing was presented to Council to authorize the creation of one permanent full time Cashier position to implement the control procedures. He stated by March 2009, the amount owing was over \$1.1M. He reviewed the erroneous payments, monthly management fees and property taxes. He discussed the payment summary between January 2004 and September 2009 and concluded that contracts are not authorized to pay any person or company, unless specifically named on the contract. He reviewed the information revealed during the course of the audit and discussed the observations made during the course of the audit.

The following recommendation was presented:

2011-27 Cimino-Kett: THAT the recommendations in the report dated September 29, 2011 from the Auditor General regarding 2010 Audit of Contract Management – Transit Kiosk and Café Agreements be adopted;

AND THAT the status of management responses and action plans be reviewed by the Audit Committee in April 2012.

**CARRIED**

Councillor Berthiaume presented the following motion:

THAT this matter be referred to the Ontario Provincial Police for investigation.

The Committee agreed to defer the motion to the next meeting of City Council.

#### Adjournment

2010-28 Craig-Belli: THAT this meeting does now adjourn. Time: 5:27 p.m.

Councillor Berthiaume, Chair  
Services/City Clerk

Caroline Hallsworth, Executive Director, Administrative