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Windsor, Ontario May 19, 2011

A meeting of the **Audit Committee** is held this day commencing at 8:15 o'clock a.m. in Room 407, 400 City Hall Square East, there being present the following members:

Maxwell Zalev, Chair
Bill Carter
George Sandala

Also present are the following resource personnel:

Helga Reidel, Chief Administrative Officer
Lorie Gregg, KPMG
Onorio Colucci, Chief Financial Officer and City Treasurer
Nick Thomas, KPMG
Andrew Dowie, Executive Initiatives Coordinator (A)
Paul Ross, KPMG
Todd Langlois, Auditor General
Joe Mancina, Deputy Treasurer, Financial Accounting
Dan Seguin, Manager of Financial Accounting
Mario Sonego, City Engineer
George Wilkki, City Solicitor
Susan Vadori, Committee Coordinator (A)

Regrets received from the following resource personnel:

M. Munro, Manager, Office of Continuous Improvement
J. Guthrie, Deputy Treasurer- Taxation and Financial Projects
S. Askin-Hager, Manager Purchasing and Risk Management
V. Critchley, City Clerk/Licence Commissioner
R. Warsh, Community Development & Health Commissioner
S. Vlachodimos, Deputy City Clerk & Senior Manager of Council Services
H. Turnbull, Executive Director of Information Technology
V. Mihalo, Executive Director of Human Resources
D. Ryan, Manager of Corporate Administration & Assistant to the CAO

1. CALL TO ORDER

The Chair calls the meeting to order at 8:17 o'clock a.m. and the Committee considers the Agenda being Schedule "A" **attached** hereto, matters which are dealt with as follows:

3. **ADOPTION OF THE MINUTES**

Moved by G. Sandala, seconded by B. Carter,
That the minutes of the meeting of the Audit Committee held March 28, 2011 **BE ADOPTED** as presented;
and that the minutes of the January 13, 2011 meeting **BE ADOPTED**, as amended in Item 5.2 as follows,
and The timelines for the close of 2010 books for the City of Windsor is scheduled for February 11, 2011;
and Item 5.3 omit as follows, “The Committee notes that this is the first full year that the AGO is a separate entity with a submission of its first departmental budget”;
and Item 6 as follows, A private executive session is held with all staff including the Audit Committee members, the Chief Financial Officer City Treasurer, the Lead Auditor, Auditor, N. Thomas, KPMG, and the Committee Coordinator;
and That the minutes of the meeting of the Audit Committee held April 18, 2011 **BE ADOPTED**, as amended in Item 3.1 as follows, That the engagement of KPMG for auditing purposes as it relates to Item 3.1 **BE AUTHORIZED** in principle as recommended by the Audit Committee.
Carried.

2. **INTRODUCTION OF AUDITOR GENERAL**

Chairperson M. Zalev and Committee member B. Carter introduce the new Auditor General, Mr. Todd Langlois to the Audit Committee. B. Carter notes that T. Langlois brings a wealth of experience and educational background to the position and welcomes T. Langlois to the City of Windsor Audit Committee and Auditor General Office.

T. Langlois thanks the Committee for their warm welcome and words of support and notes his excitement for the position at the City of Windsor Auditor General’s Office.

Introduction of Andrew Dowie, Executive Initiatives Coordinator (A)

H. Reidel introduces A. Dowie to the Audit Committee. A. Dowie is the Acting Executive Initiatives Coordinator and is completing a maternity leave replacement for T. Knight Lepain of the CAO’s office. Welcome Andrew.

4. **DECLARATIONS OF CONFLICT**

None declared.

5. **BUSINESS ITEMS**

5.1 Audit Compliance List 2010 3rd and 4th Quarters

5.2 Audit Committee Agenda Planner 2011 – 1st Quarter

The Committee amends this heading of **section 5.2** to be **Status Report – Compliance with Applicable Laws and Regulations, 1st Quarter 2011;**

It is generally agreed Items 5.1 and 5.2 will be considered together due to the compliance nature of the items.

The Committee generally discusses the Compliance List including questions regarding the Fuel Tax Rebate. This is ongoing/as needed and is the responsibility Public Works Operations/Finance. This Listing is legislative compliant with applicable laws and regulations.

The Committee is appreciative of the Reports format and notes the ease of reading the inclusive well done Report.

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

That the Audit Committee **RECEIVE FOR INFORMATION** the Status Report on Compliance with Applicable Laws and Regulations, 3rd and 4th Quarters 2010; and,

That the Status Report on Compliance with Applicable Laws and Regulations template **BE AMENDED** in accordance with departmental comment for 2011; and

That the Committee Coordinator and City Clerk **FORWARD** this report to City Council for information.

Carried.

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

That the Audit Committee **RECEIVE FOR INFORMATION** the Status Report on Compliance with Applicable Laws and Regulations, 1st Quarter 2011; and,

That the Committee Coordinator and City Clerk **FORWARD** this report to City Council for information.

Carried.

5.3 Report of Management Regarding Audit Committee Objectives for the 3rd and 4th Quarters of 2010 and the 1st Quarter of 2011

The Committee generally discusses the objections for the time frame and notes the handling of the incomplete or finalized items, according to the contents of the Report and how these incomplete items should be considered by the future Committee. A suggestion for the AGO is to consider reviewing this document and updating it as deemed necessary. T. Langlois notes that he is also finalizing drafts with regard to new charters and protocols.

Moved by B. Carter, seconded by G. Sandala,
That the Audit Committee **RECEIVE FOR INFORMATION** the Report of Management regarding the Audit Committee Objectives for the 3rd and 4th Quarter of 2010 and the 1st Quarter of 2011.

Carried.

5.4 KPMG Audit Plan Report

H. Reidel leaves meeting at 9:40 o'clock a.m.

H. Reidel returns to meeting at 9:41 o'clock a.m.

L. Gregg of KPMG provides highlights of the Audit Plan Report for the year ended December 31, 2010. L. Gregg provides an overview regarding:

- What has changed from last year;
- Accounting Standards Changed –
 - Liability for contaminated sites for example, the significant impact on the City building inventory;
 - government transfers
 - tax revenue.– the Committee requests clarification between the words “material” and “significant”.
- Amendments to Financial Statement Presentation – additional statement will be required;
- Auditing Standards – Changes to the engagement letter; the dating of the auditors’ report to coincide with Council’s approval; and the implications of those changes on the financial statements and the audit;
- It is noted that regarding 2010 audit planning report that the information relating to materiality be included from prior year in the minutes for reference.
- Materiality for planning purposes for 2010 represents 1 % of total revenue for 2009 or \$7,200,000 (2009 – 1/2% of total revenue for 2008 or \$3,797,020). The audit posting threshold for 2010 is \$350,000 (2009 - \$135,000). Audit posting threshold was \$135,000 representing individual audit differences corrected and uncorrected which were disclosed to the audit committee.
- Discussion regarding progress thru reviews and notes and reports are expected from Boards and Commissions and the other contributors soon;
- It is noted that better monitoring controls exist at the City and improvements have been recognized;
- Dates for Key deliverables of the audit are discussed regarding the next steps of the Audit Committee.

Moved by B. Carter, seconded by G. Sandala,
That the Audit Planning Report to the Audit Committee for the year ended December 31, 2010 prepared by KPMG LLP, Chartered Accountants **BE RECEIVED** for information.

Carried

5.5 Draft 2011 AGO Audit Work Plan

T. Langlois provides an overview of the AGO Status Update, attached as Appendix "A". The Hotline case #2009-03 report is complete and will be brought forward at the next Audit Committee meeting.

Moved by B. Carter, seconded by G. Sandala,
That the Report entitled "2011 Auditor General's Office ("AGO") Status Update" dated May 16, 2011, attached as Appendix "A" **BE RECEIVED** for information.
Carried.

5.6 WFCU Audit Update

P. Ross, KPMG provides highlights of the WFCU audit work. He notes the work is progressing well, and that a great portion of the data was gathered prior to KPMG commencement, and presently KPMG auditors are working with City Staff to complete the analysis with regard to the tight timelines. P. Ross notes the updates on the engagement letter and it is anticipated that a Draft Report could be prepared for sometime in June 2011. Copies of the letter of engagement are requested

M. Sonogo leaves meeting at 9:25 o'clock a.m.

A. Dowie leaves meeting at 9:30 o'clock a.m. to obtain the above noted copies of the engagement letter.

6. IN CAMERA

B. Carter discloses an interest with an in camera item pertaining to his employer's business interest and leaves the meeting room.

Verbal Motion is presented by G. Sandala, seconded by M. Zalev to move In Camera at 9:31 o'clock a.m. for discussion of the following items:

Item No.	Subject	Section-Pursuant to Municipal Act 2001, as amended
6	Solicitor Verbal Update	s. 239.2(e) litigation or potential litigation; s. 239.2 (a) the security of the property of the municipality or local board; s.239.2 (b) personal matters about an identifiable individual, including municipal or local board employees;

Carried.

A private executive session is held with all staff including the M. Zalev, G. Sandala, the Chief Administrative Officer, the Chief Financial Officer, City Solicitor, ~~City Treasurer~~, Deputy Treasurer-Financial Accounting, Auditor General, N. Thomas, KPMG, Lorie Gregg, KPMG LLP, Paul Ross, KPMG, and the Committee Coordinator. All other staff and guests are asked to leave the room.

The Committee discusses the verbal in camera updates as presented by the City Solicitor.

Clerk's Note:

B. Carter returns to the in camera session meeting at 9:40 o'clock a.m. as the Committee has completed the discussion of the in camera item that B. Carter declared conflict.

The Committee discusses other verbal in camera updates.

**Verbal Motion is presented by G. Sandala, seconded by M. Zalev, to move back into public session at 9:55 o'clock a.m.
Motion Carried.**

A. Dowie returns to meeting at 9:56 o'clock a.m.

**Moved by G. Sandala, seconded by M. Zalev,
That the Clerk BE DIRECTED to transmit the recommendation(s) discussed in the verbal report at the In Camera Audit Committee meeting held May 19, 2011 directly to the Audit Committee for consideration at the next Regular Meetings.**

Moved by G. Sandala, seconded by M. Zaley,

That the verbal update by the City Solicitor regarding a personal matter about an identifiable individual, potential litigation, and security of property of the municipality **BE RECEIVED.**

Motion CARRIED

G. Wilkki, City Solicitor will provide a report to update Committee at the next meeting regarding the identifiable individual, potential litigation and security of property of the municipality, as verbally presented.

P. Ross distributes a copy of the Letter of Engagement, attached as Appendix “B”.

B. Carter points out the issue surrounding intent of the publication versus the wording and meaning of the engagement letter. P. Ross states KPMG is aware that the report will be made public which is contradictory to what the engagement letter allows. P. Ross says it was just the KPMG standard wording. The engagement letter will require changes to reflect how the report will be used.

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

That the Audit Committee **CONFIRM and RATIFY** the Committee Chairperson’s approval of the engagement letter with KPMG to spend up to \$80,000 for the resourcing of the AGO for completing the WFCU Centre audit and if additional resourcing work is requested that KPMG **BE REQUESTED** to advise of that request.

Carried

7. DATE OF NEXT MEETING

The next meeting will be held at the Call of the Chair.

8. ADJOURNMENT

There being no further business, the meeting is adjourned at 10:03 o’clock a.m.

CHAIR

COMMITTEE COORDINATOR