

Audit Committee
Comité de la vérification

Agenda 3
Ordre du jour 3

Wednesday, April 26, 2000 - 2:00 p.m.
Le mercredi 26 avril 2000 - 14 h

Guigues Room, Terrace Level
Bytown Pavilion, City Hall

Salle Guigues, Niveau Terrasse
Pavillon Bytown, hôtel de ville

**Confirmation of Minutes
Ratification des procès-verbaux**

Minutes 2 (February 23, 2000)

Procès-verbal 2 (Le 23 février 2000)

Index

Information Items

Articles pour information

- | | | |
|----|---|----------------------------------|
| 1. | Review of Assets and Equipment Examen des biens et du matériel Ref.: ACS2000-AU-AUD-0003 | 1 City Wide |
| 2. | Review of Municipal Budget Practices Examen des pratiques budgétaires municipales Ref.: ACS2000-AU-AUD-0004 | 3 City Wide |

Action Items

Articles pour exécution

Members' Reports - Enquiries
Rapports des membres - demandes de renseignements

Councillor/Conseiller Ron Kolbus, Chairperson/Président

- | | | |
|----|---|----------------------------------|
| 3. | Travel - City Auditor Voyage - Vérificateur de la Ville Ref.: CC2Z2000126 | 7 City Wide |
|----|---|----------------------------------|

Councillor/Conseiller Brian Mackey, Vice-Chairperson/Vice-président

Councillor/Conseiller Jim Bickford

Mayor/Maire Jim Watson

SEF

April 18, 2000

ACS2000-AU-AUD-0003
(File: CMH1999-13)

Office of the City Auditor

Ward/Quartier
City Wide

- Audit Committee / Comité de la vérification

Information

1. Review of Assets and Equipment

Examen des biens et du matériel

Information

This report presents the results of the Office of the City Auditor's review of the status of the records used to track and manage the City's physical assets. This review was conducted as part of the 2000 work plan approved by Council for the Office.

The City of Ottawa owns and leases a large number of physical assets that are used to deliver its services and programs. The tracking and management of the assets is assigned across the City based normally on functional responsibility.

Assets and equipment for purposes of this review are defined as non-financial assets having tangible substance that are used or held by the City to support program and service delivery. Assets and equipment have a useful life extending past one year and are intended for continuing use. They are not intended for sale in the ordinary course of business.

Our review found that the status of the City's asset records varied considerably across the major categories of assets identified at the City. The report presents a summary of our assessment of the existence and adequacy of the records used to track and manage each asset category. There were some issues raised for management to address but nothing at the policy level that would require a decision by Council.

A detailed report on each individual asset category has been sent to the responsible department for action. These reports include recommendations in some cases for improvements to the administrative processes and controls over the asset records. The more significant recommendations include:

- . the need for a physical verification of vehicles and related equipment;

- . the need for management to consider the risks associated with the miscellaneous equipment category and decide whether or not interim inventory control measures should be implemented over the transition period; and
- . the need for improved segregation of duties in the custody and management of the Cultural Collection.

Management have in general accepted these recommendations and will be addressing them over the new few months.



April 18, 2000 (9:44a)

Peter O'Callaghan
City Auditor

TMT:ljp

Contact: Tracy McTaggart - 244-5300 ext. 1-3053

Financial Comment

N/A.



April 18, 2000 (11:14a)

for Mona Monkman
City Treasurer

BH:cds

List of Supporting Documentation

Document 1 Review of Assets and Equipment (Distributed separately and on file with the City Clerk)

April 17, 2000

ACS2000-AU-AUD-0004
(File: CMH1999-06)

Office of the City Auditor

Ward/Quartier
City Wide

- Audit Committee / Comité de la vérification

Information

2. Review of Municipal Budget Practices

Examen des pratiques budgétaires municipales

Information

This project was originally scheduled in the Office of the City Auditor's 1999 work plan as a review of Appropriation and Expenditure Control. The project was added to the work plan by Audit Committee. At its November 24, 1999 meeting, the Audit Committee revised the Terms of Reference for this project to focus on the research of "Best Practices" for local government budgeting and the preparation of a guideline for City Council on how to assess whether this City's budget process was based on the identified practices. Audit Committee felt that such a guideline would likely be a useful tool that could be provided to the transition team for use in developing a budget process for the new amalgamated City of Ottawa.

Background

Recent years have seen increasing public expectations for the quality of services provided by governments and for greater accountability by governments for the use of resources and the achievement of results.

Governments at many levels and in various jurisdictions have, in response to these rising expectations, undertaken a number initiatives aimed at re-defining or re-aligning the role of government and challenging the mechanisms by which a government monitors and controls its activities and is accountable to its citizens.

Many individual local governments, including the City of Ottawa, have re-examined their governance responsibilities, the services they provide and assessed the appropriateness of continuing to provide the service, the standard of service that should be provided and the 'best' mechanisms for delivering each service. As a consequence of these initiatives, many municipalities have undertaken significant reforms of both their organizational structures and their management and control processes and tools.

One of the most important activities of any government is the allocation of available resources to programs, services and administrative support through the budget. The overall process used by a municipality to prepare and adopt its budget is perhaps the most important and time-consuming activity undertaken each year. The Budget is one of the Public's important sources of information regarding the resources used by the municipality and the results obtained.

The quality of decisions taken during the budget cycle will affect the ability of a local government to achieve its strategic goals and objectives. It is important therefore that as a municipality establishes new governance and organizational structures, as well changes its services delivery framework, that it review its budget process as well to ensure it remains an effective framework for decision-making. Budget reform is a significant undertaking for a municipality which should be expected to span several years.

This document has been developed based on our research of current literature on municipal budget practices and a review of the budget documents and web-site information of selected municipalities. Although our research did not clearly identify "Best Practices", what did emerge was a number of common elements that comprise a "good" budget. Ensuring these elements are present in the City's budget should assure the overall quality of the process and documents. These elements are presented in the remainder of the report as a Checklist for Councillors. The Checklists identifies the elements that a Councillor should expect to see in a "good" budget. Each element is explained and criteria are provided to assist Councillors in assessing the degree to which this element has been satisfied in the City's budget process and documents.

The Department of Finance has reviewed and provided comments on the report.



April 17, 2000 (3:10p)

Peter O'Callaghan
City Auditor

TMcT:ljp

Contact: Tracy McTaggart - 244-5300 ext. 1-3053

Financial Comment

N/A.


April 17, 2000 (3:45p)

for Mona Monkman
City Treasurer

BH:cds

List of Supporting Documentation

Document 1 - Review of Municipal Budget Practices (Distributed separately and on file with the City Clerk)

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April 17, 2000

CC2Z2000126
(File: ACS1300)

Ward/Quartier
City Wide

3. Travel - City Auditor
Voyage - Vérificateur de la Ville

That Audit Committee approve the expenses of the City Auditor in attending the Canadian Internal Audit Congress held in Toronto in April 2000.

The Corporate Travel Policy requires that the City Auditor obtain the approval of the Audit Committee for any travel where the total costs involved exceed \$1,500. The estimated cost of attending this conference is \$2,200 including registration, travel accommodation and living allowances.