



memorandum

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COMMUNICATION
 FAA - MAR 4/19
 ITEM - 1

DATE: March 1, 2019
TO: Honourable Mayor Bevilacqua and Members of Council
FROM: Kevin Shapiro, Director of Internal Audit
RE: **ITEM 1, OF THE MARCH 4, 2019 FINANCE, ADMINISTRATION AND AUDIT COMMITTEE**

Purpose

To provide additional information as it relates to audit observation #2, located on page 12 of the agenda.

Additional Information:

Since the time the audit report was published on the agenda, it was brought to our attention that a separate business unit was created in 2014 to capture external legal counsel expenditures related to OMB hearings, now LPAT hearings. The following information was provided to Internal Audit by the Financial Planning & Development Finance department comparing budget to actual spend for these expenditures:

Account	Budget	Actual	Variance	Year
LPAT Hearings	\$1,180,000	\$1,457,518	(\$277,518)	2014
LPAT Hearings	\$1,080,000	\$917,687	\$162,313	2015
LPAT Hearings	\$960,000	\$729,965	\$230,035	2016
LPAT Hearings	\$900,000	\$859,719	\$40,281	2017
LPAT Hearings	\$400,000	\$777,719	(\$377,719)	2018
Total	\$4,520,000	\$4,742,608	(\$222,608)	Total

Based on this new information, external legal counsel expenditures can be restated as follows:

Account	Budget	Actual	Variance	Year
LPAT Hearings and Professional Services	\$1,035,719 (\$135,719+\$900,000)	\$1,293,898 (\$434,179+\$859,719)	(\$258,179)	2017
LPAT Hearings and Professional Services	\$605,719 (\$205,719+\$400,000)	\$1,242,241 (\$464,522+\$777,719)	(\$636,522)	2018
Total	\$1,641,438	\$2,536,139	(\$894,701)	Total

The revised information provides further support for the audit recommendations outlined on agenda page 13.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read 'K. Shapiro'.

Kevin Shapiro CIA CFE CRMA
Director, Internal Audit