



## AUDITOR GENERAL'S REPORT ACTION REQUIRED

### Amendments to the 2011 Annual Work Plan

<b>Date:</b>	September 15, 2011
<b>To:</b>	Audit Committee
<b>From:</b>	Auditor General
<b>Wards:</b>	All
<b>Reference Number:</b>	

### SUMMARY

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The Auditor General's 2011 annual work plan dated January 12, 2011 was submitted to Audit Committee on February 22, 2011 and to Council on March 8, 2011.

As indicated in the submission to Audit Committee, the work plan "is intended to be flexible and may be amended by the Auditor General as required." The purpose of this report is to advise Audit Committee of amendments to the work plan.

The by-law establishing the Auditor General's Office provides that "no deletions or amendments to the annual work plan shall be made except by the Auditor General, however, Council may add to the annual work plan by a two-thirds majority vote."

### RECOMMENDATION

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**The Auditor General recommends that:**

1. City Council receive the Auditor General's Amendments to the 2011 Annual Work Plan.

### Financial Impact

This report has no direct financial implication.

## **DECISION HISTORY**

The Auditor General submitted his 2011 annual work plan dated January 12, 2011 to Audit Committee on February 22, 2011. The report is accessible on the City's Web site at: <http://www.toronto.ca/audit/2011/auditworkplan-jan12.pdf>

## **COMMENTS**

The audit work plan is intended to be flexible and is subject to amendment based on emerging issues or new developments.

In this context, this report is to advise Audit Committee of the deferral of two proposed audit projects originally included in the 2011 work plan.

### **1) Review of Major City Revenue Streams – Toronto Water Revenue Billing and Collection**

This project was part of our ongoing audit of various revenue sources. The objective of the review was to ensure that adequate controls exist in the billing and collection of water revenues.

Toronto Water is in the process of replacing water meters and in addition the system used for water billing is being changed. Consequently, until the new system is operational any review of this particular area will be premature. We will conduct this review after the new billing processes have been implemented.

### **2) Review of Potential Efficiencies and Effectiveness of Integrating Certain of the City-wide Decentralized Services**

With the ongoing changes in the City and the Core Services Review by external consultants, this review is being deferred and the need for the review will be evaluated in 2012.

Our work plan has also been amended to reflect additional audit projects which were identified subsequent to the submission of our work plan to Audit Committee.

#### **A) The Toronto Police Services Board**

The Toronto Police Services Board on April 7, 2011 in considering a report entitled "Integrated Records and Information Systems (IRIS) – Award of Contract for Product and Services," adopted the following motion:

*"that this matter be referred to the Auditor General and the Chief Information Officer, City of Toronto, for their review of and comments regarding the proposed records management system."*

In view of the significant funds involved in regard to this particular project, we determined that such a review was appropriate. A report dated August 26, 2011 entitled “Toronto Police Service – Review of Integrated Records and Information System (IRIS)” was tabled at the Toronto Police Services Board on September 14, 2011.

## **B) The Toronto Transit Commission**

Concerns were raised at the TTC in connection with contract compliance issues as they pertain to the Accessible Taxi Service and Sedan-based Taxi Service contracts. As a result of the concerns the TTC Internal Audit Unit was requested to conduct a special audit to review the issues of non-compliance. TTC Internal Audit’s report entitled “Special Audit of the TTC Wheel Trans Accessible Taxi Service and Sedan Based Taxi Service” was received in-camera during the July 15, 2010 TTC Audit Committee meeting.

Several Notices of Motion were adopted during the confidential portion of the Audit Committee requiring further action to deal with continued concerns regarding contractual non-compliance.

As a result of those motions and follow up meetings with the TTC’s Chief General Manager, the TTC Commission was briefed at its in-camera meeting of August 23, 2010 on the agreed actions. The Auditor General was requested by the Commission to retain the services of an independent external legal firm to review and report on various legal contractual compliance issues of the TTC Accessible Taxi Service contracts.

The TTC requested that the external legal firm be hired by the Auditor General with a further request that the firm work with the Auditor General in order to ensure that the issue of contract compliance was reviewed at arm’s length from the TTC.

The external legal firm subsequently issued an in-camera report to the TTC in 2011.

## **C) Disposal of Digital Photocopiers – Protection of Sensitive and Confidential Data Needs Strengthening**

The Auditor General issued a report dated May 4, 2009 entitled “Review of Disposal of Surplus IT Equipment – Security, Environmental and Financial Risks.”

In 2011, it was brought to the attention of the Auditor General that security and privacy risks may exist in relation to the disposal of digital photocopiers. Further, it was determined that a review focus specifically on an examination of safeguards in place to protect sensitive and confidential information stored on hard drives contained in digital photocopiers would be appropriate.

A report dated June 16, 2011 was tabled at the Audit Committee meeting of July 5, 2011.

## **D) Remote Access to the City's Computer Network – The Management of the Process Requires Improvement**

During a general review within the Auditor General's Office of the use of remote access tokens it was noted that the renewal of a recently expired token had only 75 per cent its useful life remaining. In this context, it was apparent that of the total cost of the token, 25 per cent had already been expended even though the token had not been in use. As a result of this issue the process in place to ensure that the City was receiving full value for the funds expended on the tokens was conducted.

A report on this matter has been prepared and will be tabled at the Audit Committee meeting of October 20, 2011.

### **CONCLUSION**

The four projects added to the work plan were viewed as priority projects and have since been completed.

The two projects deleted from the 2011 work plan will be addressed in future years.

### **CONTACT**

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### **SIGNATURE**

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Jeff Griffiths, Auditor General

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