



## AUDITOR GENERAL'S REPORT ACTION REQUIRED

### Auditor General's Status Report on Outstanding Audit Recommendations for City Agencies, Boards, Commissions and Corporations

<b>Date:</b>	June 12, 2012
<b>To:</b>	Audit Committee
<b>From:</b>	Auditor General
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### **SUMMARY**

---

This report provides information regarding the implementation status of audit recommendations contained in various reports issued by the Auditor General to the City's agencies, boards, commissions and corporations. On an annual basis the Auditor General reviews the implementation status of outstanding audit recommendations and reports the results of the review to Council through Audit Committee.

Since July 1, 2006 the Auditor General has issued various reports containing a total of 190 recommendations. Since that time four of these recommendations have been identified by the Auditor General as no longer relevant. These recommendations are no longer relevant as reorganizations and changes in business practices and service levels have rendered them no longer applicable. Consequently, 186 of the 190 recommendations continue to have relevance.

The results of our review indicate that on a combined basis, City agencies, boards, commissions and corporations have implemented 73 per cent or 136 of the 186 recommendations made by the Auditor General from July 1, 2006 to June 30, 2011.

Continued efforts to implement outstanding recommendations will provide additional benefit to the City through cost savings, additional revenue and enhanced service delivery.

## **RECOMMENDATIONS**

---

**The Auditor General recommends that:**

1. City Council receive this report for information.

## **FINANCIAL IMPACT**

---

The recommendation in this report has no financial impact.

## **ISSUE BACKGROUND**

In accordance with the Auditor General's 2012 Work Plan, we have completed a review of the implementation status of audit recommendations issued by the Auditor General's Office for City agencies, boards, commissions and corporations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

On an annual basis, the Auditor General provides a listing of outstanding audit recommendations to management. Management responds with information detailing the action taken on recommendations implemented as well as progress made on those not fully implemented.

The Auditor General reviews information provided by management to determine the accuracy of management assertions related to each recommendation. The results of this review are communicated to the board of the agency, board, commission or corporation and subsequently to Council through Audit Committee.

## **COMMENTS**

### **Results of the Auditor General's Review**

Table 1 below includes the status of recommendations contained in reports issued by the Auditor General's Office to City agencies, boards, commissions and corporations during the five year period from July 1, 2006 to June 30, 2011.

**Table 1: Status of Recommendations issued from July 1, 2006 to June 30, 2011**

Entity	Total Recommendations	Implemented	Not Fully Implemented	No Longer Relevant
Toronto Parking Authority*	16	10	5	1
Toronto Police Service*	61	47	13	1
Toronto Community Housing Corporation*	41	10	31	--
Toronto Public Health	12	12	--	--
Toronto Public Library	32	30	--	2
Toronto Transit Commission	15	15	--	--
Toronto Zoo	13	12	1	--
Total	190	136	50	4

\*Reports followed up in this reporting cycle

Appended to this report are the individual reports tabled with the boards of each entity. These reports provide further detail regarding their respective recommendations and status as assessed during our review. On a combined basis, City agencies, boards, commissions and corporations have implemented 73 per cent of the recommendations made by the Auditor General since July 1, 2006.

Recommendations reported as implemented in this report will not be reported to Council in the future. All recommendations reported as not fully implemented will be included in subsequent follow-up reviews until fully implemented.

### **Noteworthy Recommendation Implemented**

#### Toronto Community Housing Corporation (TCHC)

Recent Auditor General reports have resulted in significant changes to the day-to-day operating environment at the TCHC. The benefits of these changes have profound and far-reaching effects that cannot all be quantified in financial terms.

Conservatively, we originally estimated that cost savings as a result of increased competition pertaining to the procurement process could be anywhere from \$4 million to \$10 million. At the present time we are not in a position to quantify the extent of any savings relating to this matter.

Further, we indicated that additional savings were likely possible through increased coordination of operations between the TCHC and the City. In this regard, in November 2011, the General Manager of the TCHC advised the Board that according to the results of a pilot project an estimated annual savings between \$5 million and \$7 million could be achieved by leveraging the City's purchasing arrangements.

Finally, we were also advised by the former Chief Executive Officer that expenses of the nature identified in the "Toronto Community Housing Corporation – Controls Over

Employee Expenses Are Ineffective” report would be discontinued. At the time, it was estimated that this action had the potential to save at least \$200,000 on an annual basis. Based on work performed during our follow-up of audit recommendations, we estimate that closer scrutiny of employee expenses as well as improved controls has resulted in over \$1.2 million in savings annually.

As a result of the follow-up of certain recommendations contained in the report and in particular the review of employee related expenses, TCHC also took the following action:

- Issued 55 “Warning Letters” to various employees;
- Suspended two employees; and
- Terminated three employees.

In addition, TCHC recovered over \$25,000 in situations where expenses were inappropriate. We understand that the recovery will likely increase.

Detailed results of our follow-up review are enclosed as Appendix 3.

## **CONTACT**

Alan Ash, Director, Auditor General’s Office  
Tel: 416-392-8476, Fax: 416-392-3754, Email: [AAsh@toronto.ca](mailto:AAsh@toronto.ca)

Jerry Shaubel, Director, Auditor General’s Office  
Tel: 416-392-8462, Fax: 416-392-3754, Email: [JShaubel@toronto.ca](mailto:JShaubel@toronto.ca)

## **SIGNATURE**

---

Jeffrey Griffiths, Auditor General

10-AAS-05

## **ATTACHMENTS**

Appendix 1: Toronto Parking Authority, Results of Follow-up of Previous Audit Recommendations

Appendix 2: Toronto Police Services Board, Results of Follow-up of Previous Auditor General Audit Recommendations

Appendix 3: Toronto Community Housing Corporation - Results of Follow-up of Previous Audit Recommendations