



AUDITOR GENERAL'S REPORT INFORMATION ONLY

Auditor General's Risk Assessment of the City and its Major Agencies and Corporations

Date:	May 12, 2014
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

Every five years, the Auditor General performs a detailed risk assessment of the operations of the City and those major agencies and corporations included in his mandate. The purpose of the risk assessment is to ensure that all significant areas of the City are evaluated from an audit risk perspective by using uniform criteria and quantitative evaluations to identify areas that may warrant audit attention. Determining which areas to audit and the appropriate allocation of audit resources is essential in maximizing the value of an effective audit process.

The last risk assessment was completed in 2009. There were 56 high risk areas identified during the risk assessment. The majority of these high risk areas will have been the subject of an audit by the end of 2014. We have recently started our 2014 risk assessment. The results of this process will figure prominently in the development of the Auditor General's Office annual work plans over the next five years. Given its importance, this process will involve a significant amount of audit resources over the next few months.

The results of the risk assessment process will be reported together with the 2015 Audit Work Plan to the first audit committee in 2015.

Financial Impact

This report has no financial impact. The audit resources necessary to complete the risk assessment of the City and its agencies and corporations was considered in developing the 2014 Audit Work Plan and 2014 Budget for the Auditor General's Office.

COMMENTS

In the most recent external quality assurance review of the Auditor General's Office, the report issued by the review team identified areas where the Auditor General's Office excels which included:

“The extensive Risk Assessment process the Office conducts to develop the five-year risk assessment and annual audit plans. The process includes: detailed analyses of the major City divisions, Agencies, Commissions, and Corporations and an extensive use of criteria and overall consideration of past audit work.”

The Auditor General completes a comprehensive risk assessment every five years. The last risk assessment was completed in 2009. The risk assessment is a high level evaluation of risks associated with the operations in all City divisions, agencies and corporations included in the Auditor General's mandate, as listed in Appendix 1. The purpose of the risk assessment exercise is to prioritize the audit work in those areas where the greatest risk exists.

The assessment process evaluates the risks related to the operations/programs of each area for 10 weighted risk factors. The following factors that will be considered in the 2014 risk assessment process have been updated to reflect information gathered through prior risk assessments and audits:

- Complexity of Operations and Service Delivery
- Alignment of Strategic Planning / Business Planning / Service Planning
- Complexity of Staffing and Organizational Competence
- Financial Exposure
- Contractual Exposure
- Legal Exposure (including regulatory, environmental, litigation)
- Susceptibility to Fraud, Other Wrongdoing or Waste
- Adequacy of Policies, Procedures, Processes, and Controls
- Technological Exposure
- Public and Political Reputation

As part of the risk assessment process, the Auditor General's Office divides each City division, agency and corporation into manageable “audit units” which may be defined in a number of ways, such as by organizational unit, function or activity, or program. Audit units are each assigned risk scores based on the above risk factors and stratified as high, medium and low risk according to the assessed level of risk. Results of the risk assessment exercise are considered for both long term audit planning and the preparation of the annual Audit Work Plan.

The results of the risk assessment process will be reported together with the 2015 Audit Work Plan to the first audit committee in 2015.

CONTACT

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SIGNATURE

Jeff Griffiths, Auditor General

13-RAR-02

ATTACHMENTS

Appendix 1: Listing of City Divisions, Agencies and Corporations to be Included in
2014 Risk Assessment

**Listing of City Divisions, Agencies and Corporations
to be Included in 2014 Risk Assessment**

Citizen Services ‘A’ Community Services	Affordable Housing
	Children’s Services
	Court Services
	Economic Development & Culture
	Emergency Medical Services
	Employment & Social Services
	Long-term Care Homes & Services
	Parks, Forestry & Recreation
	Shelter, Support & Housing Administration
	Social Development, Finance & Administration
	Toronto Office of Partnerships
Citizen Services ‘B’ City Structural Services	City Planning
	Engineering & Construction Services
	Fire Services
	Major Capital Infrastructure Coordination Office
	Municipal Licensing & Standards
	Office of Emergency Management
	Policy, Planning, Finance & Administration
	Solid Waste Management Services
	Toronto Building
	Toronto Water
	Transportation Services
	Waterfront Secretariat
Internal Services – Corporate Services	311 Toronto
	Accounting Services
	Corporate Finance
	Environment & Energy
	Facilities Management
	Finance & Administration
	Financial Planning
	Fleet Services
	Information & Technology
	Pension, Payroll & Employee Benefits
	Purchasing & Materials Management
	Real Estate Services
	Revenue Services
Other City Programs	City Clerk’s Office
	City Manager’s Office
	Legal Services

Agencies and Corporations	Arena Boards of Management
	Association of Community Centres (AOCCs) Boards of Management
	Build Toronto Inc.
	Casa Loma Corporation
	Exhibition Place
	Heritage Toronto
	Invest Toronto Inc.
	Lakeshore Arena Corporation
	Sony Centre for the Performing Arts
	St. Lawrence Centre for the Arts
	Toronto Atmospheric Fund
	Toronto Centre for the Arts
	Toronto Community Housing Corporation
	Toronto Parking Authority
	Toronto Port Lands Company
	Toronto Transit Commission
	Toronto Zoo
Waterfront Toronto	
Yonge-Dundas Square	

The following agencies and corporations will not be included in the risk assessment process based on the Auditor General’s responsibility to conduct audits as specified in Toronto Municipal Code Chapter 3, Accountability Officers:

- Toronto Police Services Board
- Toronto Public Library Board
- Toronto Board of Health
- Toronto Hydro Corporation