



REPORT FOR ACTION

Auditor General's Office 2021 Work Plan

Date: November 5, 2020

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

The Auditor General's audits and investigations provide independent information for City Council to hold City administrators accountable for providing stewardship over public funds. The Auditor General's work helps to identify and mitigate risks the City faces, improve accountability, strengthen management controls, and enhance the efficiency and effectiveness of City operations.

The purpose of this report is to provide City Council with an overview of the work the Auditor General plans to conduct in 2021. Audit projects included in the Annual Work Plan are identified through a risk assessment process conducted periodically, a review of emerging issues, and an analysis of trends in allegations made to the Fraud and Waste Hotline. The Auditor General also considers the views and experience of City Councillors and City management. The Auditor General may amend the Annual Work Plan if new priorities arise.

Flexibility within the Auditor General's Work Plan is needed to address high-risk complaints to the Fraud & Waste Hotline, emerging risk areas, and unanticipated requirements for immediate audits or investigations. For example, in July 2020 City Council requested the Auditor General to report further on staff's report on "Ensuring Value for Money for Tree Maintenance Services - Update and Legal Advice". The work associated with this report was not anticipated in our 2020 Annual Plan and resulted in re-prioritization of projects and re-allocation of staff resources.

The Auditor General's 2020 Work Plan was impacted by the COVID-19 pandemic. Some of the audit projects that were in progress were delayed or put on hold to enable divisions, agencies and corporations to focus on the delivery of essential services. The deferred audit projects from the 2020 audit Work Plan are listed in Attachment 4. During this time, the Auditor General commenced work on the City-wide risk and opportunities assessment.

The City-wide risk and opportunities assessment is a major undertaking and was part of the Auditor General's 2020 Annual Work Plan. The assessment is performed every five years. The Office conducts a survey of over 50 City divisions and its major agencies

and corporations. The purpose of the Auditor General's City-wide risk and opportunities assessment is to inform the development of her risk-based Audit Work Plan. It ensures that all significant areas of the City are evaluated from an audit risk perspective by using uniform criteria 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 risk factors criteria are included in Attachment 2.

The Work Plan includes projects that have been identified through the risk and opportunities assessment. Some of these projects are expected to be initiated in 2021 (refer to Table 1), while others are expected to commence shortly thereafter in 2022 (refer to Table 2). The list of projects to be completed over the longer term is included in Attachment 3. Our work on the City-wide risk and opportunities assessment is expected to continue into Q1 of 2021 and any additional potential audit projects will be incorporated into future Work Plans.

At the invitation of their respective Boards, the Auditor General has completed a risk and opportunities assessment for the Toronto Public Library and Toronto Police Service to inform the Auditor General's proposed risk-based audit plans for these entities. At their October 2020 Board meetings, the audit plan was adopted by the Toronto Public Library Board, and an emerging audit area was adopted by the Toronto Police Services Board. The proposed risk-based audit plan for the Toronto Police Service will be presented to its Board at their November 24, 2020 meeting. Potential audit projects requested by these two Boards have been included in this Work Plan, and the Work Plan will be updated following the consideration and adoption of the audit plan by the Toronto Police Services Board.

In light of the fiscal constraints faced by the City, the Auditor General has not included a budget enhancement request in her 2021 Operating Budget to address the requests for audits by these two Boards. Instead, the Auditor General's ability to include these projects in her Work Plan, while keeping budget and staffing levels in line with her 2020 base budget, means that the Office will conduct fewer audits of City divisions, agencies, and corporations within her mandate.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council receive the Auditor General's 2021 Work Plan.

FINANCIAL IMPACT

The recommendation in this report has no financial impact beyond the amount provided in the Auditor General's 2021 budget request.

The implementation of the Auditor General's recommendations result in savings to the City. Each year, the City realizes both quantifiable and non-quantifiable benefits from

our audits and investigations. The most recent Annual Report tabled in February 2020 Audit Committee demonstrating the value of the Auditor General's Office is available at:

<https://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-145394.pdf>

DECISION HISTORY

Under the *City of Toronto Act, 2006*, the role of City Council is to:

- represent the public and to consider the well-being and interests of the City;
- develop and **evaluate the policies and programs** of the City;
- determine which services the City provides;
- **ensure** that administrative policies, practices and procedures **are in place to implement the decisions** of council;
- **ensure the accountability and transparency of the operations** of the City, including the activities of the senior management of the City;
- **maintain the financial integrity** of the City; and
- carry out the duties of council under this or any other Act.

The Auditor General's mandate is also outlined in the *City of Toronto Act, 2006*.

Under Section 178(1), the Auditor General is “*responsible for assisting city council in holding itself and its administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in city operations.*”

Chapter 3 of the Toronto Municipal Code requires that:

"A. The Auditor General shall submit an annual audit plan to Council.

B. No deletions or amendments to the annual audit plan shall be made except by the Auditor General.

C. Despite Subsection B, Council may add to the annual audit plan by a two-thirds vote of all Council members."

COMMENTS

Risk-Based Approach to Audit Selection

The Auditor General undertakes a risk-based approach to identify audit priorities. Every five years the Auditor General performs an extensive assessment of the City operations and its major agencies and corporations.

Risk Factors Used

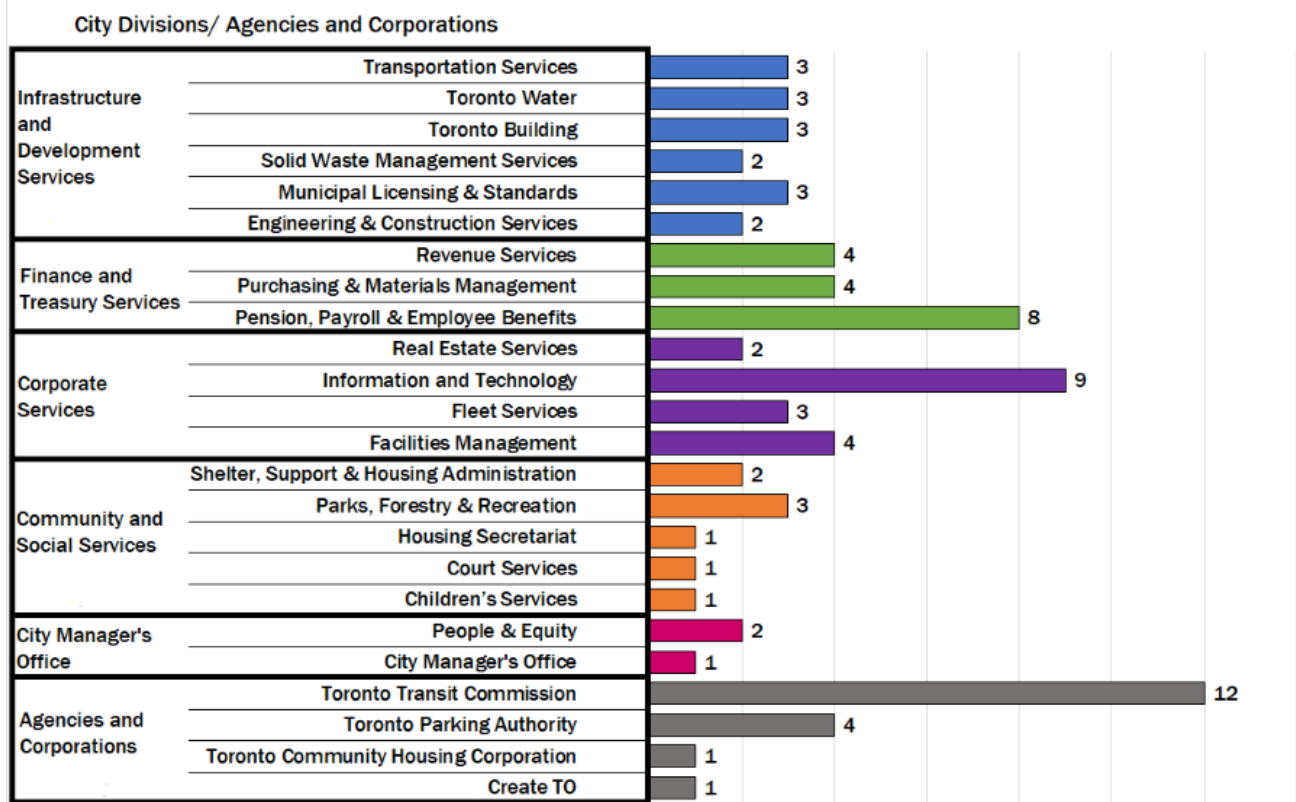
We are evaluating the potential risks related to City operations using the following 10 risk factors (refer to Attachment 2 for the risk definitions):

- Cyber Security and Information and Technology Exposure
- Legal Exposure (incl. Environmental, Regulatory, Litigation)
- Susceptibility to Fraud, other Wrongdoing, or Waste
- Complexity and Significant Changes in Operations and Service Delivery
- Alignment of Strategic / Business / Service Planning
- Staffing Levels & Organization Competence
- Financial Exposure (Materiality and Impact)
- Contractual Exposure
- Adequacy of Policies, Procedures, Processes and Controls
- Public and Political Interest (including Adverse Publicity)

The results of this assessment are used to set the audit priorities for the next five years. The last risk assessment was performed in 2015.

Figure 1 provides an overview of past audits and investigative work completed for the period 2015-2020. Attachment 1 lists audit and investigation reports issued in 2018, 2019 and 2020.

Figure 1: Audit and Investigation Reports 2015-2020



In Q2 2020, the Auditor General's Office started a new risk and opportunities assessment of City divisions and its major agencies and corporations. A significant amount of audit resources is currently dedicated to this work which is expected to be

completed in early 2021. The results of this assessment will be considered when setting the audit priorities for the next five years.

Assessing Risks at Boards that are Outside of the Auditor General's Jurisdiction

At its meeting on June 22, 2015, the Toronto Public Library Board carried the recommendation that the Auditor General "...perform a risk assessment of the Toronto Public Library Board"¹.

Additionally, the Toronto Police Services Board Chair's letter dated December 12, 2019, stated that "*on behalf of the Toronto Police Services Board, I invite you to conduct an overall risk assessment as well as a cyber security audit of the Toronto Police Service*". City Council recommendations made at its June 29, 2020 meeting and recommendations made by the Toronto Police Services Board at its August 18, 2020 meeting, both reinforced the support for the Auditor General's work of the Toronto Police Service.

The Auditor General included both the Toronto Public Library and Toronto Police Service within the scope of her 2020 City-wide risk and opportunities assessment.

Toronto Public Library

We tabled a report with the Toronto Public Library Board on our proposed risk-based audit plan for the Board's consideration at its October 19, 2020 meeting. At this meeting, the Toronto Public Library Board adopted the Auditor General's proposed risk-based audit plan. Audit projects from the proposed audit plan are incorporated into the Auditor General's 2021 Work Plan. The Auditor General's proposed audit plan adopted by Toronto Public Library Board is included as Attachment 5.

Toronto Police Service - Progress Update

We will be presenting our proposed risk-based audit plan to the Toronto Police Services Board for consideration at its November 24, 2020 meeting. The Auditor General's 2021 Work Plan includes the two higher risk audit projects already approved by the Toronto Police Services Board. One of these (cyber security) was requested earlier by the Board and has started. The letter from the Board approving the other identified audit project (911 Operational Review) is included as Attachment 6. We have currently included placeholders for other audits of the Toronto Police Service in the Work Plan. We plan to update our Audit Work Plan once the audit plan for the Toronto Police Service is adopted by the Toronto Police Services Board.

In addition, there are other agencies and corporations, such as, the Toronto Board of Health and Toronto Hydro where the Auditor General would like to complete a risk assessment to identify and bring forward potential audits for consideration by these

¹ <https://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2015/sep21/04-Minutes-June-22.pdf>

Boards. However, to perform these risk assessments, the Auditor General will require invitation from the respective Boards.

2021 Audit Work Plan

In recent years, the Auditor General completed a number of comprehensive and complex audits and investigations that covered a broad range of programs and services across the City and its agencies and corporations. Figure 2 below provides an overview of audit and investigation reports issued from 2015-2020 at the City and its agencies and corporations, including the number of recommendations made by the Auditor General.

Figure 2: Audit/Investigation Reports and Recommendations 2015-2020

	Total Reports	Total Recommendations
Infrastructure and Development Services	16	133
Finance and Treasury Services	16	188
Corporate Services	18	213
Community and Social Services	8	125
City Manager's Office	3	28
Agencies and Corporations	18	221
Total	79	908

Attachment 1 lists audit and investigation reports issued during the period 2018-2020.

The current Work Plan is intended to be flexible, allowing the Auditor General to respond to emerging issues, including the need to assign resources to high-risk investigations, when needed. The in progress and upcoming projects in 2020-2021 are summarized in Table 1. New audits will be initiated based on a balancing of audit priorities and available resources. The audit horizon for 2021-2022 is provided in Table 2. Additional projects identified in prior years or through the City-wide risk and opportunities assessment that the Auditor General will consider for the future are listed in Attachment 3.

A number of audits included in the 2021 Work Plan are broad-scope operational reviews. These operational reviews will likely be divided into multiple phases or projects because of the nature and complexity of the operations. The scope of each audit phase may evolve after detailed planning for the project has started.

The Auditor General anticipates that the need for complex and in-depth forensic investigations will continue. This will also require a significant commitment of resources, given the increasing complexity of complaints received by the Fraud and Waste Hotline. Currently, the Auditor General's Office has several active investigations underway and there are a number of other high-risk complaints that are waiting to be addressed.

Table 1: In Progress and Upcoming Projects in 2021

No.	Project	Description	Project Status
City Divisions - In Progress Projects			
<i>Information Technology</i>			
1.	SAP SuccessFactors Security and Implementation Review	The focus of this assessment is to evaluate the current security of the SAP SuccessFactors Application; review of project management and incident response practices to identify, respond and remediate privacy incidents. The weaknesses identified will assist the City in implementing corrective measures for current and future IT system implementations.	In progress
Other Significant Areas of Work			
<i>Investigations</i>			
2.	Auditor General's Forensic Unit	The Auditor General's Forensic Unit currently has several ongoing investigations of allegations of fraud or other wrongdoing. These allegations require a significant amount of resources to investigate. These investigations are expected to be completed in 2021.	In progress
Agencies and Corporations - In Progress Projects			
<i>Toronto Police Services (TPS)</i>			

No.	Project	Description	Project Status
3.	Toronto Police Service - Cyber Security	<p>The nature of this work will include IT vulnerability assessment and penetration testing of the TPS network and systems to assess cyber security risks, and related controls.</p> <p>This audit will involve multiple phases. In the first phase, an overall assessment of the TPS network and systems will be performed.</p> <p>The second phase will include selecting specific systems for detailed testing.</p>	In progress
<i>Toronto Community Housing Corporation (TCHC)</i>			
4.	Toronto Community Housing Corporation - Property Management	The audit assesses TCHC's controls for overseeing contracted property managers' service delivery and performance.	In progress
<i>Multiple Agencies and Corporations</i>			
5.	Treasury, investment and cash management by City agencies and corporations	This audit is being conducted with a City-wide lens on treasury, cash and investment management practices at selected agencies and corporations.	In progress
City Divisions - Projects Commencing in Q4 of 2020 or in 2021			
<i>Transportation Services</i>			

No.	Project	Description	Project Status
6.	Transportation Services - Winter Road Maintenance Program	<p>This is a multi-phase audit. Phase one was completed in October 2020 and focused on whether Council-approved service levels for winter road maintenance were met and whether winter contracts were properly managed.</p> <p>Phase two will include a cost-benefit analysis of contracting out versus in-house delivery of winter road maintenance services.</p>	<p>Phase 1 Completed</p> <p>Phase 2 to commence in Q4, 2020</p>
<i>Information Technology</i>			
7.	Cyber security assessment of Emergency Response Communication System (dependent on availability of budget)	<p>This audit will involve multiple divisions, such as, Fire and Paramedic Services and will focus on cyber security risks relating to the 911 communication systems.</p> <p>This cyber security audit is budget dependent. Funding will be tight to complete all three cyber security audits in the Work Plan and although we think the budget will be enough, it is sometimes hard to determine, and these are critical projects.</p>	To commence in 2021
<i>Shelter, Support and Housing Administration</i>			

No.	Project	Description	Project Status
8.	Shelter, Support and Housing Administration - Emergency Shelter Operations	<p>The operational review of the Shelter, Support and Housing Administration Division includes three phases. Phases one and two were completed in 2019. The first phase focused on access to Rent-Geared-to-Income assistance and the second phase reviewed how the City administers the program.</p> <p>The focus for phase three will be on emergency shelters. The audit will include a review of hotel, motel, and emergency contracts for shelter accommodation.</p>	<p>Phase 1 and 2 Completed</p> <p>Phase 3 to commence in 2021</p>
<i>Toronto Building</i>			
9.	Toronto Building - Operational Review	<p>This multi-phase audit will focus on reviewing processes and controls related to the Division's operations. Potential areas to be audited include:</p> <ul style="list-style-type: none"> • review and issuance of building permits • performance of building inspections in accordance with various legislative requirements 	To commence in 2021
Agencies and Corporations - Projects Commencing in Q4 of 2020 or in 2021			
<i>Toronto Transit Commission (TTC)</i>			
10.	Toronto Transit Commission (TTC) - Cyber Security	<p>The nature of this work will include an IT vulnerability assessment and penetration testing of the TTC network and systems to assess cyber security risks, IT processes and controls.</p> <p>This project will have two phases: phase one, will focus on overall network security, and phase two, will focus on selected critical systems.</p>	To commence in Q4, 2020

No.	Project	Description	Project Status
11.	Toronto Transit Commission (TTC) - Follow-up of Outstanding Recommendations	<p>The TTC has 157 outstanding recommendations as of October 31, 2020. The Auditor General will focus her efforts on follow-up work to assess whether these recommendations are implemented in a timely manner.</p> <p>Given the high number of outstanding recommendations, including high priority recommendations that can result in cost savings, we have included this follow-up work as a separate project on our Work Plan.</p>	To commence in 2021
<i>Toronto Police Services (TPS)</i>			
12.	Toronto Police Service - 911 Operational Review	<p>The Toronto Police Service operates a central communications centre for 911 calls in the City from which police, fire and paramedic services are dispatched to respond to emergencies.</p> <p>This audit will be an operational review of the 911 service. The efficiency and effectiveness of the service will be reviewed, including identifying opportunities that could lead to transforming the service.</p>	To commence in 2021
13.	Toronto Police Service - Operational Audit	<p>The Auditor General will be presenting a proposed risk-based audit plan to the Toronto Police Services Board for consideration and approval on November 24, 2020.</p> <p>Specific project to be audited in 2021 will be selected from the audit plan adopted by the Toronto Police Services Board. Completion of selected project is dependent on the availability of resources at the Auditor General's Office.</p>	To commence in 2021

No.	Project	Description	Project Status
<i>Toronto Public Library (TPL)</i>			
14.	Toronto Public Library - Contract Procurement and Management of Capital Projects Facilities / Building Maintenance	<p>The following audit project is a multi-phase audit and the first phase will be undertaken in 2021.</p> <p>This audit will focus on the award and management of major capital construction contracts, including the review of contract compliance and contractor performance.</p> <p>With a significant state of good repair backlog, a subsequent phase of this audit will review whether maintenance services are being provided economically, efficiently and in compliance with appropriate policies and legislative requirements.</p> <p>The completion of these audits is dependent on the availability of Auditor General resources.</p>	To commence in 2021

Table 2: Project Horizon for 2021-2022 *(These are additional projects that will be initiated in 2021 or 2022, contingent upon availability of audit resources)*

No.	Project	Description
City Divisions		
1.	Parks, Forestry and Recreation - Parks Development & Capital Projects Branch	This audit may include review of the construction and maintenance of recreation centres, playground, outdoor amenities, new facilities and features and development driven initiatives; specifically on contract award and management, value for money, efficiency and alignment with City priorities.

No.	Project	Description
2.	City Planning - Operational Review	<p>This is a multi-phase operational review of the City's Planning Division. The audit will focus on the economy and efficiency of City Planning operations including processing of development applications. Other areas to be included are:</p> <ul style="list-style-type: none"> • an assessment of the outcomes from the ongoing Concept to Keys (C2K) initiative to streamline the development applications process, and • a review of the zoning appeals process.
3.	Corporate Real Estate Management - Facilities Management	<p>This audit will be an operational review of Facilities Management's repairs and maintenance program for City owned properties.</p>
4.	Housing Secretariat - Affordable Rental Housing	<p>This is a continuation of an operational review of the City's affordable housing programs. Phase one was completed in 2020 and focused on the affordable home ownership program. This next phase will assess the delivery of affordable rental and supportive opportunities. The audit may include an evaluation of the oversight, systems, processes the City has put in place, and the outcomes achieved, in providing affordable rental and supportive opportunities to residents.</p>
5.	Housing Secretariat - Modular Housing	<p>This audit will review the City's modular supportive housing initiative, which is part of its Housing-TO 2020-2030 Action Plan. Due to the health risks posed by COVID-19, the City has expedited the delivery of modular supportive housing to help protect vulnerable residents. As a first phase, the audit will review the procurement of modular housing units.</p>
6.	Toronto Water and Engineering & Construction Services - Basement Flooding Protection Program	<p>The audit will review the City's Basement Flooding Protection Program.</p> <p>The audit will assess the effectiveness and management of the basement flooding program in reducing flooding in the areas where projects have been completed.</p>
7.	Insurance & Risk Management - Claims Management	<p>This audit will review the management of claims against the City from third parties to determine if claims are properly handled resulting in the best outcomes for the City. The scope of this audit involves all City divisions where claims have been filed against the City.</p>

No.	Project	Description
8.	Solid Waste Management Services - Contract Management	Solid Waste Management Services has multiple garbage collection and recycling contracts with third party vendors. They are significant contracts, and some are nearing expiry. The audit will focus on the award and management of these service contracts, including a review of contract compliance and contractor performance.
9.	Information Technology - Major Information Technology Projects	This audit will focus on the review of processes and controls to acquire, maintain and implement major Information Technology solutions, projects and systems. This audit may include multiple phases depending on the number of projects selected for review.
10.	Toronto Fire Services - Mechanical (Fleet) Maintenance	This audit will focus on the mechanical maintenance of Toronto Fire Services' fleet of vehicles. The audit will assess the efficiency and effectiveness of TFS' fleet repair and maintenance program.
11.	Operational Review of 911 Emergency Response Service - City Divisions	This audit will be an operational review of 911 emergency response services performed by Toronto Fire Services, Toronto Paramedic Services and other divisions, if any, involved with addressing 911 calls.
12.	Cyber security assessment of medical and fire emergency dispatch Systems	This audit will also involve multiple divisions, such as, Fire and Paramedic Services and will focus on cyber security risks relating to emergency dispatch systems.
Agencies and Corporations		
13.	Governance and Accountability Framework with Agencies & Corporations	<p>A review of the collective effectiveness of the City's tools and mechanisms in providing governance over divisions and its agencies and corporations will be conducted. Some potential audit areas to be included are:</p> <ul style="list-style-type: none"> • examination of the relationship framework between the City and its agencies and corporations • review of whistleblower policies of agencies and corporations • effectiveness of Internal Audit functions • an assessment of the City-wide Enterprise Risk Management program

No.	Project	Description
14.	Toronto Public Library (TPL) - Cyber Security and Information Technology/Digital Strategy	<p>The following higher priority audit projects were proposed to and adopted by the TPL Board at its October 19, 2020 meeting:</p> <p>Cyber Security: - This audit will include Information Technology vulnerability assessments and penetration testing of the existing networks and systems to assess cyber security risks, processes and controls.</p> <p>Information Technology/Digital Strategy: - This audit will focus on the review of processes and controls to acquire, maintain and implement major Information Technology solutions, capital projects and systems.</p>
15.	Toronto Police Service (TPS) - Operational Audits	<p>The Auditor General will be presenting a proposed risk-based audit plan to the Toronto Police Services Board for consideration and approval on November 24, 2020.</p> <p>Specific projects to be audited in 2021-22 and beyond will be selected from the audit plan adopted by the Toronto Police Services Board, subject to ongoing review each year. Completion of these projects is dependent on the availability of resources at the Auditor General's Office.</p>
16.	Toronto Community Housing Corporation (TCHC) - Contract Management	<p>The focus of this audit is to review TCHC's contract management processes and controls. This review will include contracts for preventative maintenance and repairs of fire and life safety equipment and HVAC systems.</p>
Other Significant Areas of Work		
17.	Continuous Controls Monitoring & Data Analytics	<p>Projects under this category will proceed based on availability of resources. A number of complaints are received at the Auditor General's Fraud and Waste Hotline. The Auditor General may select an area, such as, employee health benefits for detailed analytics. (see below for more details).</p>
18.	Investigations related to allegations of fraud or other wrongdoing	<p>Major investigations conducted by the Forensic Unit as needed (see below). There are a number of other high-risk complaints that have yet to be addressed.</p>

Cyber Security Audits

The City of Toronto, is increasingly conducting business and key operations using innovative technology solutions. This comes with increased risk of cyber attacks and data breaches as threat actors are becoming more sophisticated with their attacks.

The Auditor General recognizes the increased risks of cyberattacks and has been proactive in performing cyber security audits. Performing these audits is complex and requires highly trained Information Technology security experts and specialized testing software. The Auditor General's 2020 Work Plan included cyber security audits of the City's critical infrastructure systems. The Auditor General has capacity to perform two to three cyber security audits in 2021. The average cost (excluding our own staff time) for each cyber security audit is generally \$120,000, although the cost can vary and can sometimes be hard to predict. The third cyber security audit currently included in the Auditor General's 2021 Audit Work Plan is budget dependent.

City Council's continued commitment to investing resources in the Auditor General's Office would help ensure that cyber security emerging risks and high-risk complaints are adequately addressed in a timely manner.

The Auditor General's audit Work Plans will continue to include cyber security work, including Information Technology audits at City divisions, the Toronto Transit Commission, the Toronto Police Service and the Toronto Public Library.

Continuous Controls Monitoring & Data Analytics

Data analytics is a key component of the Auditor General's performance audits. From time to time, the Auditor General has used specialized software to perform continuous controls monitoring (CCM) on selected expenses at the City. Other CCM projects will proceed based on staff availability. Since its inception in 2011, the Continuous Controls Monitoring (CCM) program has expanded to include various City expenses and payments for ongoing monitoring, such as:

- Dental Benefit Claim Payments
- Overtime and Standby Pay
- Absenteeism for Short-term illness, ill-dependent leave and bereavement leave
- Mileage Reimbursements
- Telecommunication Expenses
- Accounts Payable

The objective of the CCM Program is to use data analysis techniques to provide periodic reports for management to proactively monitor financial transactions, detect unusual expenses and identify areas where internal controls could be strengthened. Previous CCM reports have led to significant annual savings.

The Auditor General will also continue to explore how to adopt artificial intelligence (AI) powered analytics into her performance audits and continuous controls monitoring program.

Investigative Work related to Allegations of Fraud or Other Wrongdoing

Since 2016, the Auditor General's Office has conducted 11 major investigations which resulted in public reports. Conducting these complex investigations required a significant amount of resources. On average, each in-depth investigation took over nine months to complete.

The Auditor General currently has several investigations underway that are expected to be completed in 2021, and there are a number of other high-risk complaints that are waiting to be addressed. The delay in addressing these other high-risk complaints is primarily due to resource constraints as the Forensic Unit is small for the City's size and complexity.

In addition to full-scale investigations, the Auditor General's Office also operates the Fraud and Waste Hotline Program. As of October 31, 2020, the Hotline Program received 702 complaints representing more than 1,000 allegations. This is an increase of approximately 33 per cent in complaints over 2019. Forensic Unit staff review all complaints that are received and conduct preliminary inquiries on the majority of allegations. Certain complaints also require additional investigative procedures.

There are Fraud and Waste Hotline complaints where it makes more sense to do an audit. Those audits are balanced with other priorities and can make up part of the Work Plan and future audits, demonstrating how complaints can directly become audits.

The Auditor General's Office is also responsible for conducting investigations into allegations of reprisals against employees under the Disclosure of Wrongdoing and Reprisal Protection rules in the Toronto Public Service By-law.

It is not possible to predict the number and complexity of fraud allegations and reprisal complaints that must be investigated each year. Therefore, it is a challenge to determine the extent of resources that will be needed to conduct these investigations in a timely manner. The Annual Work Plan must leave capacity to deal with unexpected investigations.

Other Responsibilities and Work performed by the Auditor General

In addition to the projects summarized in this Work Plan, the Auditor General's Office has a number of other activities underway. These activities include:

1. Following up on outstanding audit and Forensic Unit recommendations.
2. Modernization of the Auditor General's Office:
 - Implementing an electronic audit management system for the Auditor General's Office to improve operational efficiency and security for both audit files and our follow-up process. The implementation of this solution is almost complete, and the Auditor General has provided training to over 200 staff from City Divisions

and major agencies and corporations to facilitate tracking of outstanding audit recommendations.

- The Auditor General's Office also rolled out its newly implemented complaint management system. This system allows complainants to upload documents through the internet while remaining anonymous, enhances tracking of complaints and improves reporting capabilities.

These modernization initiatives set the Auditor General's Office up well, not only for remote work during the current period with COVID-19, but also for the longer term.

3. Coordinating external audits of the financial statements of the City and its agencies and corporations.
4. Our administrative staff was also redeployed to an essential services area of the City and some of our audit staff assisted with foreign translation in another essential services area while still continuing to work on audits.

Conclusion

The 2021 audits have been selected based on a balancing of audit priorities and audit resources. The plan is flexible to allow the Auditor General to respond to emerging issues. Audits help City administrators improve City operations, mitigate risks facing the City, strengthen management controls, improve accountability and enhance the efficiency and effectiveness of City services.

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SIGNATURE

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Auditor General

ATTACHMENTS

Attachment 1 - Reports Issued from 2018 to 2020

Attachment 2 - Risk Factors Criteria Used in City-wide Risk Assessment

Attachment 3 - Backlog of Audit Projects

Attachment 4 - Deferred Audit Projects from 2020 Work Plan

Attachment 5 - Board Approval of Auditor General's Proposed Work Plan for Toronto Public Library

Attachment 6 - Toronto Police Services Board Approval of Auditor General's Proposed Audit Project - 911 Operational Review