

TORONTO STAFF REPORT

October 8, 2004

To: Audit Committee

From: Auditor General

Subject: Protocol – Response to Audit Recommendations by Agencies, Boards and Commissions

Purpose:

The purpose of this report is to recommend a formal reporting protocol requiring Agencies, Boards and Commissions to report to the Audit Committee in response to various Audit reports.

Financial Implications and Impact Statement:

There are no financial implications resulting from the adoption of this report.

Recommendation:

It is recommended that the City Clerk ensure that when a response to an Audit report is required by the Agencies, Boards and Commissions, that all such responses be coordinated by the City Clerk and forwarded to the Audit Committee. Copies of all responses be forwarded to the Auditor General prior to the date of the Audit Committee. When responses have not been received, the City Clerk be required to report to the Audit Committee on this matter.

Background:

City of Toronto By-law No. 1076-2002, which established the position of an independent Auditor General outlines the responsibilities of the Auditor General. The By-law states that “the Auditor General shall:

- (a) have full carriage and control of and be fully responsible for the conduct of the Auditor General’s Office; and
- (b) be responsible for carrying out financial (excluding attest), compliance and performance audits of all programmes, activities and functions of all City departments, agencies, boards, and commissions, and the offices of the Mayor and members of Council.”

A number of Audit reports relating to City Departments, in some situations and circumstances, may have relevance to the City's Agencies, Boards and Commissions. In this context and in order to leverage the audit work conducted on individual departments, audit reports may contain recommendations similar to the one contained in our report on the management of receivables in the Parks and Property Division of the Economic development and Tourism Department. This recommendation was as follows:

- "City Council direct that those recommendations relating to the management of accounts receivable be forwarded to City Commissioners and Senior Executives of City Agencies, Boards and Commissions in order to determine whether or not the recommendations contained in this report have applicability to their respective organizations. Where appropriate, such recommendations be implemented immediately."

Subsequent to approval by City Council, it is the practice of the City Clerk to forward audit recommendations directed to the Agencies, Boards and Commissions to them for their information and subsequent action. At the present time, there is no formal communication or notification process in place to provide assurance to the Audit Committee that the recommendations in the Audit report have been appropriately addressed by the Agencies, Boards and Commissions.

Comments:

Responses to Audit recommendations submitted to the Audit Committee from the Agencies, Boards and Commissions have generally been inconsistent and in some cases non-existent. In this context, in order to provide assurance to the Committee that such recommendations have been addressed, it is suggested that a formal protocol be established to address this matter. As the Division responsible for communicating Council directives to the Agencies, Boards and Commissions is that of the City Clerk, it is recommended that this responsibility be extended to the follow up of outstanding reports.

Recommendation:

The Commissioner of Corporate Services require the City Clerk ensure that when a response to an Audit report is required by the Agencies, Boards and Commissions, that all such responses be coordinated by the City Clerk and forwarded to the Audit Committee. Copies of all responses be forwarded to the Auditor General prior to the date of the Audit Committee. When responses have not been received, the City Clerk be required to report to the Audit Committee on this matter.

Conclusions:

This report establishes a formal reporting protocol requiring Agencies, Boards and Commissions to report to the Audit Committee in response to various Audit reports. The protocol requires the co-ordination of all such responses be the responsibility of the City Clerk.

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