



STAFF REPORT INFORMATION ONLY

Status on Various Audit Projects

Date:	April 2, 2008
To:	Audit Committee
From:	Jeff Griffiths, Auditor General
Wards:	All
Reference Number:	

SUMMARY

The purpose of this report is to provide Audit Committee with a status report on various audit projects.

FINANCIAL IMPACT

This report has no financial impact.

ISSUE BACKGROUND

Section 177 of the *City of Toronto Act* formalized the appointment of an Auditor General for the City of Toronto. Under Section 178 of the *City of Toronto Act*, the Auditor General is responsible for “assisting city council in holding itself and city administrators accountable for the quality of stewardship over public funds and for achievement of value for money in city operations.”

Even though the position of Auditor General is now required under legislation, the Auditor General’s Office was initially created at the City of Toronto in May 2002, under By-law No. 1076-2002.

The 2002 by-law requires that an annual audit work plan be submitted to City Council for information and provides that no deletions or amendments to the audit work plan be made, except by the Auditor General. Council, however, may add to the audit work plan by a two-third’s majority vote.

The Audit Work Plan for 2008 was received by City Council on March 3, 2008.

COMMENTS

The Auditor General's 2008 Audit Work Plan contains details of audit projects planned during the year. Certain of these projects will not be completed during 2008, as some will commence later in the year and will not be finalized until 2009. Likewise, the 2007 Audit Work Plan included a number of projects that will not be finalized until 2008.

The following includes the status of projects contained in both the 2007 and 2008 work plans.

Audit Work Plan Projects Completed:

- Review of Police Training, Opportunities for Improvement – Toronto Police Service
- Improving the Procurement Process – Unbalanced Bids
- Management of Construction Contracts – Leaside Bridge Structure Rehabilitation Contract
- Property Tax Appeals and Refund Processing
- Solid Waste Management Services – Review of Major Contracts
- Employee Benefits Review
- Children's Services Division – Review of Day Care Fee Subsidy
- Internet Usage Review
- Toronto Water Division – Wastewater Treatment Program –Phase Two
- Management of Information Technology Projects – Opportunities for Improvement, Toronto Transit Commission
- Contract Management – Various
- Information Technology Disaster Recovery Plan
- Municipal Elections 2006 – Review of Financial Filings by Members of City of Toronto Council
- Review of City of Toronto Pandemic Planning and Preparedness

Audit Work Plan Projects in Progress:

Projected Date to Audit Committee

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| • Toronto Police Service – Review of Court Services * | July |
| • Municipal Licensing and Standards – Integrated Business Management System | November |
| • Toronto Water – Compliance with Sewer Use By-law | November |
| • Review of the Implementation of Recommendations of the Final Report of the Task Force on Community Access and Equity | November |
| • Use and Control of Sole Source Contracts | November |
| • Capital Program, Parks, Forestry and Recreation | July |
| • Social Services – Overpayments Phase II – Active Clients | July |
| • Review of Major City Revenue Streams | November |
| • Toronto Police Services – Review of Fleet Operations * | November |

* The review of Court Services and the review of Fleet Operations are required to be submitted to the Toronto Police Services Board prior to submission to Audit Committee.

Review Requested by Council

A forensic audit of the Affordable Housing Project at 2350 Finch Avenue West was requested by City Council. This audit is close to completion and will be submitted to Audit Committee in July 2008.

Follow-up of Audit Recommendations

Included in our Audit Work Plan is the follow-up of audit recommendations previously made.

Follow-up of audit recommendations is important to ensure that management has taken appropriate action to implement recommendations identified in an audit report. Government Auditing Standards require an audit follow-up process to determine the status of outstanding audit recommendations. The follow-up of recommendations is also a requirement of the City's Audit Framework Policy approved by City Council.

The Auditor General's Office has implemented a formalized follow-up process and will be reporting to the Audit Committee in mid 2008 on the status of all recommendations made at the City and its Agencies, Boards and Commissions since January 1, 1999. Similar reporting for the City itself was done in June 2007.

Fraud Related Investigations

Fraud or other irregularities are identified by the Auditor General as a result of ongoing audit work, notification by management, or through the Fraud and Waste Hotline.

The investigation of fraud or other irregularities receives high priority. Various reviews and investigations are ongoing.

External Financial Audit

The Auditor General's responsibilities in this area include the management, coordination and oversight of the external attest audits of the City, its Agencies, Boards and Commissions, the Boards of Management of Community Centres and Committees of Management for Arenas.

The external audit for the City and its Agencies, Boards and Commissions are in progress and on schedule. No issues of any significance have at this point been identified. The audit for the Toronto Transit Commission has for the most part been completed and a close-out meeting was recently held with senior management and staff. Further, close-out meetings in regard to the audits of other City entities will take place over the coming weeks. It is anticipated that the majority of financial statements will be submitted to Audit Committee in July 2008.

Included in the 2008 work plan was the need to undertake a request for proposal process for external audits of the City including its Agencies, Boards and Commissions as well as the Boards of Management for Community Centres and Committees of Management for Arenas. External audit contracts for each of these entities expire at the conclusion of the 2007 audit.

In regard to the City and its Agencies, Boards and Commissions, Council agreed to extend the current contract by a further two years. The request for proposal process for the Board of Management of Community Centre and Committees of Management for Arenas has recently been completed and will be reported to Audit Committee.

CONTACT

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SIGNATURE

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