

APPENDIX 1

PAYMENT OF UTILITY CHARGES

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Auditor General's Office

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EXECUTIVE SUMMARY

Annual Utility costs at City divisions approximate \$105 million

Annual utility costs at City divisions are in the range of \$105 million. Nearly 95 per cent of these costs relate to hydro and natural gas.

In view of the significance of these expenditures, the Auditor General's Audit Work Plan included a review of the controls relating to the payment of utility billings.

This review focused on hydro, natural gas and cable television charges

This review focused on hydro and natural gas payment control processes administered by the Accounts Payable Unit of the Office of the Treasurer and the Energy and Waste Management Office of the Facilities & Real Estate Division. We also reviewed controls over cable television payments.

Invoice payment processing relating to utilities involves verification of the quantity of energy consumed and the specific rates charged. Inadequate control over invoice verification and approval could result in the City overpaying its suppliers.

While current control processes, for the most part, ensure that the City only pays for hydro and natural gas usage at City facilities, certain control weaknesses and overpayment risks exist.

There is no central oversight of the billing process

The management of the utility billing process is the responsibility of a number of different divisions in the City and as a result there is no central oversight of the billing process. A number of the issues identified in the report are the direct result of these circumstances.

A further issue in the billing process that needs to be addressed pertains to the reliance by management on a meter inventory record which is incomplete.

Payment control to be strengthened by centralizing account management responsibility and accurate recording of energy meters

Steps to address both of these issues require revisions to the current utility payment control framework, including the assignment of energy account management responsibility. Immediate action needs to be taken to ensure the Energy and Waste Management Office's corporate hydro and natural gas meter account inventory record is complete.

Further, our review found that the City has not verified the physical location of energy meters charged to the City. A number of energy meter accounts, with related hydro charges totalling over \$240,000 in 2008, lack specific meter address information for City staff to physically verify that they relate to City operations. While our review found no evidence of energy payments related to a non City energy account, a physical verification of major divisional hydro and natural gas meters should be completed.

Invoice exceptions totalling \$5.3 million were pending follow-up

Priority should also be assigned to resolving potential billing anomalies identified by the Energy and Waste Management Office. Specifically, as of January 2009, usage and billing anomalies totalling \$5.3 million required follow-up by the Energy and Waste Management Office and operational managers. Even though many of these anomalies may be explained, it is important to follow them up to ensure they are not billing errors.

Annual cost savings in excess of \$150,000 in cable television services identified

The lack of central coordination also has an adverse effect on the effective management of cable television services and has resulted in higher service costs. Staff have since taken steps to address our concerns and estimate that annual cost savings in excess of \$150,000 will be realized effective January 1, 2010.

Resource requirements to implement audit recommendations could be partially met through staff reallocation

We recognize that additional resources are required in certain areas to modify the existing payment process. In this regard, our review identified certain opportunities to redirect staff resources of the Energy and Waste Management Office to activities arising from implementing audit recommendations outlined in this report. The Accounts Payable Unit also indicate that implementation of recommendations in this report will allow them to reallocate some resources to other accounts payable priorities.

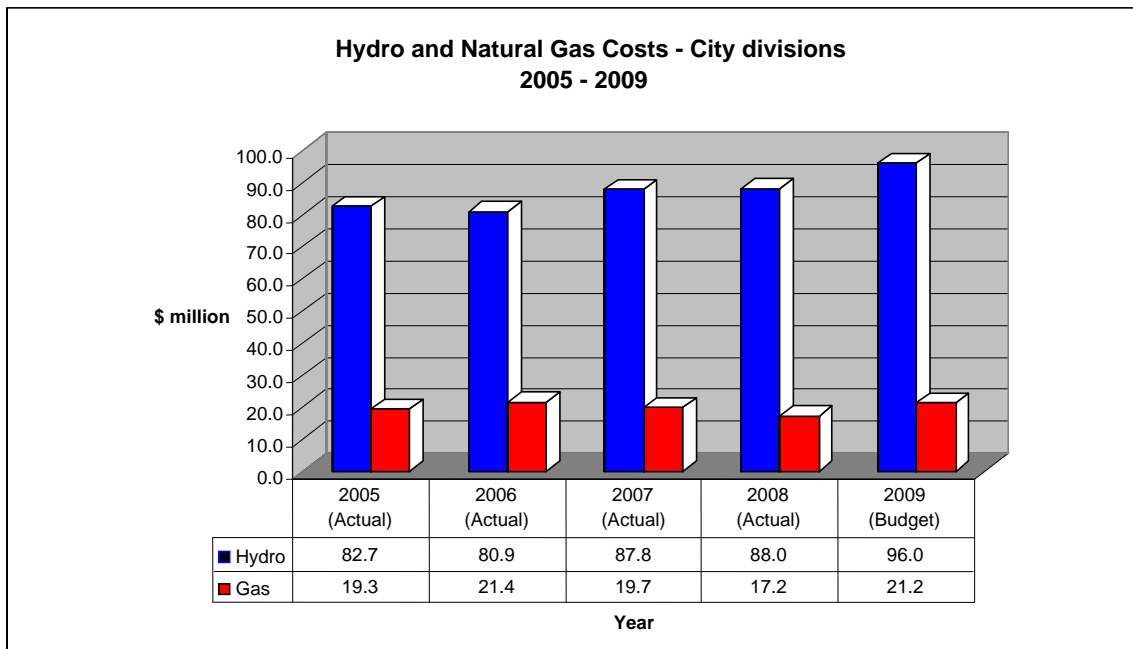
Most of the recommendations identified may be applicable to other City organizations

While our review focused on City operations, most of the recommendations identified may be applicable to the major City Agencies, Boards and Commissions and as such this report should be forwarded to them for their review and consideration.

BACKGROUND

In 2008, City divisions incurred hydro and natural gas costs totalling \$88 million and \$17 million respectively. The following chart illustrates actual hydro and natural gas costs from 2005 to 2008 and budgeted costs in 2009.

Chart 1: Hydro and Natural Gas Costs Incurred by City Divisions



Current consolidated monthly hydro billing plan supports efficient processing of hydro invoice payments

The Accounts Payable Unit processes monthly invoices covering over 2,200 hydro meters on behalf of City divisions and certain Agencies, Boards and Commissions such as the TTC, Exhibition Place and the Toronto Library Board. To facilitate the timely payment of invoices, the City pays a service fee for Toronto Hydro's preparation and electronic transfer of a consolidated hydro bill to the City each month. The City pays the invoiced amount in full and City Agencies, Boards and Commissions participating in this billing arrangement reimburse the City. The Toronto Community Housing Corporation pays its billing directly to Toronto Hydro.

In 2008, Corporate Accounts Payable processed hydro invoices totalling nearly \$141 million, of which \$53 million was fully reimbursed by the responsible City organizations.

Over 1,000 monthly energy and cable television invoices require independent processing

A similar consolidated billing service is not offered by the natural gas supplier and cable television provider. As a result the Accounts Payable Unit receives over 1,000 natural gas and cable television hard copy invoices which need to be independently verified and processed each month.

Cost Centre Billing Procedure is followed but the Energy and Waste Management Office also plays an important role

Timely invoice payment is facilitated by the use of Accounting Services' Cost Centre Billing Procedure. This procedure allows the Accounts Payable Unit to charge monthly payments to pre-approved divisional cost centres without initial divisional involvement and approval. City divisions are required to subsequently verify charges to their cost centre for proper authorization and accuracy.

The Energy and Waste Management Office of the Facilities & Real Estate Division collects, organizes, analyses and reports on consumption and costs for facilities operated by City divisions, Agencies, Boards and Commissions. As approved by City Council, the Office also administers commodity price hedging agreements to manage the risk inherent in electricity commodity pricing.

AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

Why we conducted this review?

The Auditor General's Audit Work Plan included a review of utility payments in the City. This review was selected because of the City's significant utility-related expenditures and the risk of error associated with processing a significant number of account charges that are calculated based on factors such as time interval and consumption level.

Audit objective

The objective of this review was to assess the extent to which the City's current payment control framework ensures that the City only pays for actual utility services received and at rates supported by formal contract terms and conditions as applicable.

This review covered utility payments processed from January 1, 2008 to December 31, 2008

The scope of this review included, but was not limited to, an examination of the City's payment control processes over hydro, natural gas and cable television service charges.

Our review covered the period from January 1, 2008 to December 31, 2008.

This review did not cover a number of activities

This review did not include utility payment controls in place at the City's major Agencies, Boards and Commissions. Activities carried out by the Accounts Payable Unit and the Energy and Waste Management Office, except for those related to utility invoice payments, were not included in this review.

Audit methodology

Our audit methodology included the following:

- review of Council and Standing Committee minutes
- review of documents, management reports, City policies, procedures and related records
- interviews with staff of the Facilities & Real Estate Division, Accounting Services, Toronto Water, Parks, Forestry & Recreation and other City divisions
- physical verification of the location of a sample of energy meters registered to the City

- discussions with TTC management and review of its utility payment verification procedures
- analysis of financial and energy data using specialized audit software and other procedures deemed appropriate
- benchmarking practices of other jurisdictions.

Compliance with generally accepted government auditing standards

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 that provides 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.

AUDIT RESULTS

In 2008, the City's hydro and natural gas costs were \$88 million and \$17 million respectively. The following charts show the City's major energy consumers and their costs to the City in 2008.

Chart 2: 2008 Electricity Charges by Major User (in \$ Million)

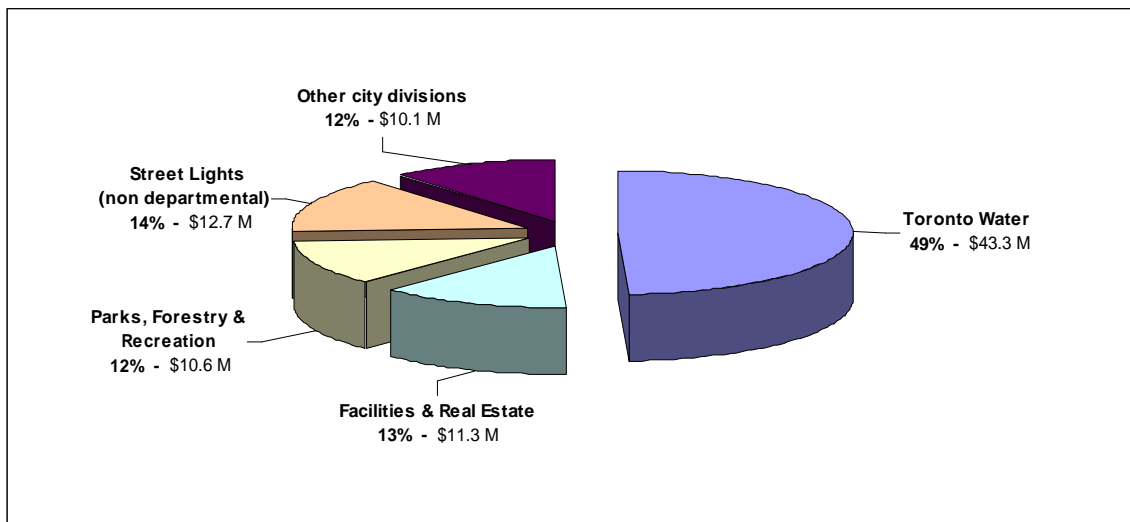
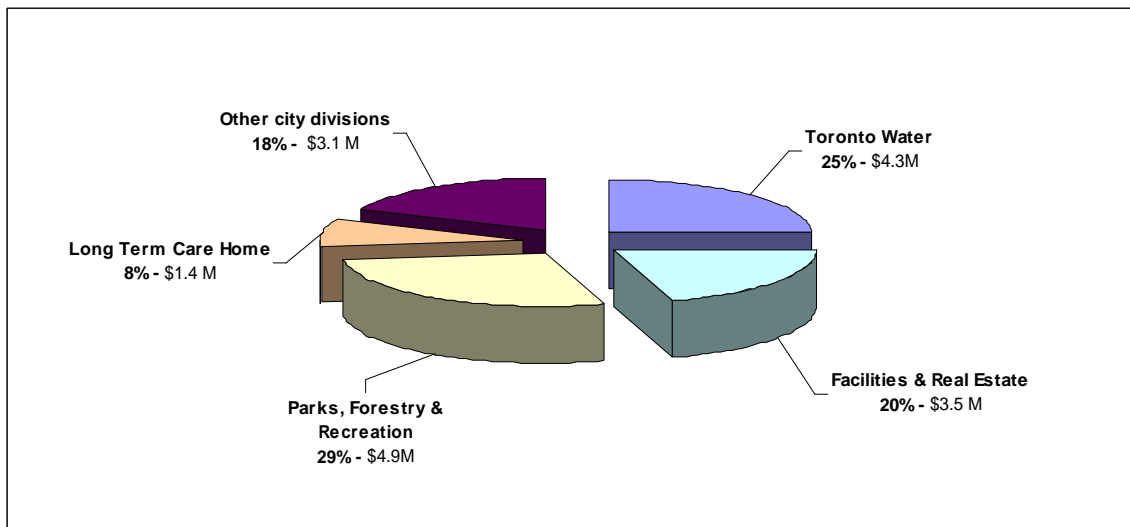


Chart 3: 2008 Natural Gas Charges by Major User (in \$ Million)



The City's top energy consumers are Toronto Water, Facilities & Real Estate and Parks, Forestry & Recreation

As indicated in charts 2 & 3 above, the top three divisional consumers are Toronto Water, Facilities & Real Estate and Parks, Forestry & Recreation. Costs relating to street lighting is another major hydro expense, with the City paying for actual electricity consumption. Toronto Hydro owns and maintains street lighting fixtures.

Our audit observations and recommendations are detailed below.

No Single Divisional Unit is Accountable for Ensuring Energy Consumption Charges are Accurate

Centralized account management works well on cross-divisional issues

Cross-divisional issues are usually more effectively managed if the oversight role resides in one single divisional unit. This control model was identified as a best practice in our September 2005 audit report entitled "Maintenance and Administrative Controls Review – Facilities and Real Estate", where we recommended the integration of all building maintenance operations and related funding within the Facilities & Real Estate Division.

The Energy and Waste Management Office co-ordinates all internal energy management activities

Similar to facility management, energy management is a function that involves all City divisions. From a corporate perspective, the Energy and Waste Management Office is responsible for co-ordinating all internal energy management activities in the City. As adopted by Council in the Facilities & Real Estate Division's 2003 report entitled "Energy Management Program For City Facilities", the Office's responsibilities include the following:

- the management of the City's energy purchases
- implementation of energy efficiency/retrofit programs
- the tracking and monitoring of energy usage.

The Office's responsibility relating to energy payments

While the Office's responsibility relating to energy payments was not explicitly defined in the report, the report indicated that:

"The Energy and Waste Management Office collects, organizes, tracks, analyzes and reports energy consumption and costs for all City-owned facilities."

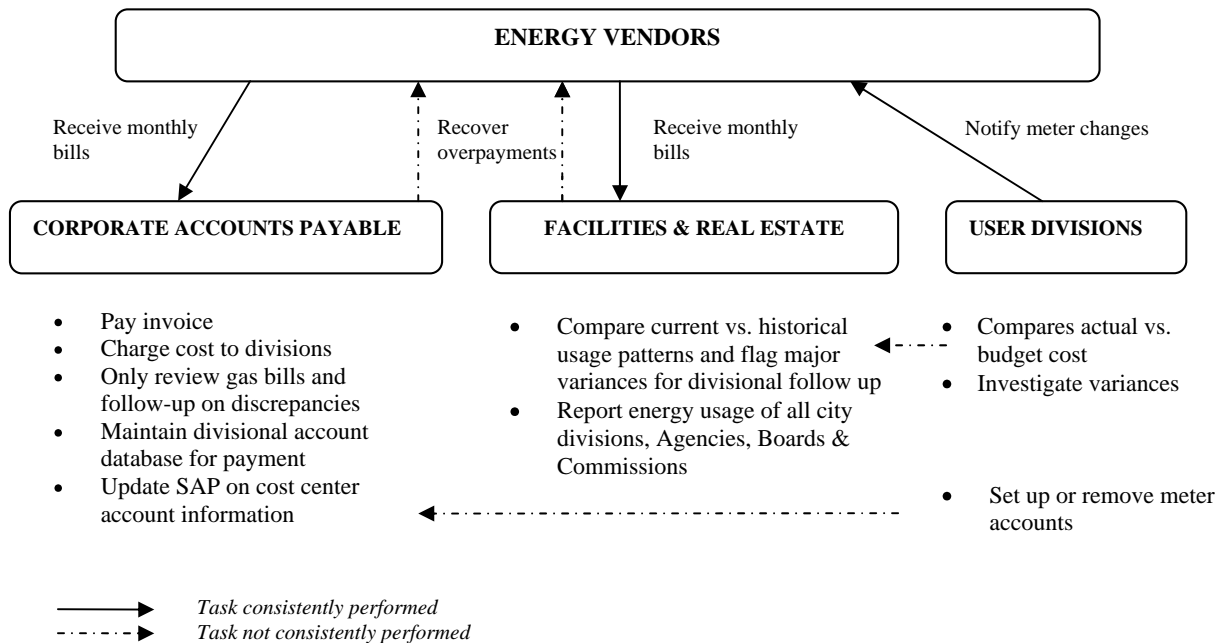
Other services offered by the Office

The Office’s existing and future services, as outlined in the 2003 report, also included the following:

- verifying utility bills and troubleshooting billing errors
- energy rate analysis
- resolving billing problems
- coordinating the financial accounting of utility expenditures and recoveries.

No single unit has responsibility for reviewing and approving energy invoice payments

Our review however showed that no single divisional unit has responsibility for verifying energy invoices. As indicated below, energy invoice processing currently involves three parties which, for the most part, work in isolation. No single divisional unit is fully accountable for ensuring the charges are correct. Having an appropriate administrative structure supported by clearly defined roles, responsibilities, reporting requirements and coordination would minimize control weaknesses.



The lack of centralized account management is a contributory factor to the following issues which we identified during our review:

The set up of new accounts can sometimes be problematic

(a) Divisions are responsible for arranging new service connections and having old ones removed or suspended. In the case of new accounts, this creates a problem when divisions neglect to inform Accounts Payable and the Energy & Waste Management Office of the changes. In these cases, a bill is received and Accounts Payable has not been advised which division is responsible for the new account. In these circumstances, follow-up work to determine the account ownership is required. This inefficient use of staff resources could be eliminated by clarifying the roles and responsibilities of the different city divisions involved in acquiring, processing and monitoring the City's energy needs.

Duplicating efforts in natural gas invoice reviews

(b) Both the Accounts Payable Unit and the Energy and Waste Management Office review natural gas invoices for unusual charges. Such duplication of efforts is not efficient because the Energy and Waste Management Office, which is supported by an energy information system with features such as trend analysis and exception reports, is better equipped to quickly identify billing or usage anomalies.

Reports distributed to City divisions are not user-friendly and are of limited value to divisional managers

(c) The Energy and Waste Management Office notifies divisional managers of unusual energy charges and asks for explanations. Divisional management advised us that the Office's reports are difficult to understand and are therefore of limited value. Since significant resources are required to analyze the data as presented, meaningful and timely examination of billing concerns was not always carried out.

Street light related hydro charges were not adequately reviewed

(d) As indicated in Chart 2 on page 7, street lighting charges totalled \$12.7 million and represent 14 per cent of the City's 2008 hydro expenditure. However, related invoice charges were recorded in a non-divisional corporate account and reviewed by Corporate Finance staff who have no knowledge of the street lighting operation. Staff familiar with the street lighting operations should be responsible for verifying ongoing hydro charges.

Corporate Accounts Payable has strengthened certain controls but overall management of the hydro account is still an issue

Designating a corporate energy account manager and clearly defining roles and responsibilities will strengthen control over energy invoice payments

In 2007/2008, the Accounts Payable Unit reviewed the Toronto Hydro utility payment process and identified a number of concerns. While controls have been strengthened as a result of that review, the responsibility for the overall management of the hydro account continues to be an issue. While this responsibility would appear to fit into the direction anticipated for the Energy and Waste Management Office, the Office has not been formally assigned this function.

Centralized account management usually facilitates better coordination and a more effective control process. It makes good business sense to assign the Energy and Waste Management Office such responsibility as the corporate contact for energy invoice payments, taking into account its staff expertise and responsibilities in corporate energy management.

Increased efficiency and strengthened controls could also be achieved through a clear definition of roles and responsibilities and communication of related administrative procedures in areas such as cost centre billing, metering changes, billing discrepancy follow-up and dispute resolution. The resulting efficiencies should allow for reallocation of resources.

Recommendations:

- 1. The Deputy City Manager & Chief Financial Officer consider assigning responsibility for hydro and natural gas accounts management to the Energy and Waste Management Office. At the same time the reallocation of resources should be evaluated.**

- 2. The Deputy City Manager & Chief Financial Officer develop a control framework to ensure the cost effective administration of hydro and natural gas invoice payments. Such framework should include, but not be limited to the following:**
 - a) a clear definition of the roles and responsibilities of the Accounts Payable Unit, the Energy and Waste Management Office and City divisional managers. The roles and responsibilities to include areas such as processing hydro and natural gas invoices, including following up on billing exceptions, dispute resolution and reporting protocols, as required**
 - b) the establishment of protocols for effecting and reporting on energy metering changes, including new meter account set ups, de-activations, replacements, relocations and record keeping requirements**
 - c) procedures for ensuring ongoing verification of hydro charges relating to street lighting by a staff person familiar with the operations**
 - d) reporting requirements for the Energy and Waste Management Office to communicate energy consumption fluctuations for divisional follow-up as required.**
- 3. The Deputy City Manager and Chief Financial Officer review and make appropriate revisions to Accounting Services' Cost Centre Billing Procedure to include the revised utility payment control framework.**

The Corporate Energy Meter Inventory Record is Incomplete and Requires Verification

The City's high usage hydro meter accounts are reasonably monitored

As illustrated in Chart 2, nearly 50 per cent of the corporate hydro costs relate to Toronto Water's treatment plants. Our review found that Toronto Water staff ensure reasonableness of energy charges of its high energy usage meters by regularly comparing with historical energy usage patterns and resolving significant anomalies. Other City divisions generally rely on the Energy and Waste Management Office's energy management software to identify significant billing variances. The software helps maintain a database that tracks energy usage data and costs by facility. Routine analytical reports prepared from the database help to identify abnormal energy usage for follow-up by staff.

These analysis and exception reports are useful as long as the energy database contains complete, accurate and relevant information.

Completeness of the energy meter record requires attention

Results of our review indicated that management cannot fully rely on the Energy and Waste Management Office's energy meter database because certain data is incomplete. For example:

No one knows for sure that the City is only billed for meters located on its properties

- a) The existing energy meter database captures meters listed on hydro and natural gas billing statements. With certain exceptions, staff have not physically verified if these meters are installed on specified City properties. Unidentified exceptions could lead to the City paying for non City-related energy costs.
- b) Our review found that a number of energy meter accounts, with related hydro charges totalling over \$240,000 in 2008, lack specific meter address information for City staff to physically verify that they relate to City operations. Staff indicated that some of these meters may be located in obscure and remote locations such as in manholes and on fields. However, we were not able to confirm this as the meters could not be located.

15 of 18 City hydro meters and one of three natural gas meters selected for audit verification could not be physically located at recorded addresses

- c) With City divisions' support, we attempted to physically verify a sample of City hydro and natural gas meters. Our review showed that 15 meters in a test sample of 18 medium and low usage hydro meters selected from the Energy and Waste Management Office's database could not be physically located at their recorded addresses. Also, one of three natural gas meters tested could not be physically located at its recorded address. As noted above, staff indicated that some meters included in our sample happened to be in obscure locations. Our test results are highlighted below:

Hydro meter accounts:

Responsible Division	# meters selected for verification	# Unlocated meters	2008 Energy costs of unlocated meters
Parks, Forestry & Recreation	8	8	\$95,000 (A)
Toronto Water	10	7	\$28,000 (B)
Total	18	15	\$123,000

- (A) Parks, Forestry & Recreation is responsible for 1,015 hydro meters with energy costs totalling in excess of \$10 million a year.
- (B) Toronto Water is responsible for numerous medium/low usage hydro meters with related energy costs totalling nearly \$870,000 in 2008 (approximately 2 per cent of its annual hydro costs).

Natural gas meter accounts:

Responsible Division	# meters selected for verification	# Unlocated meters	2008 Energy costs of unlocated meters
Parks, Forestry & Recreation	1	1	\$2,800
Facilities & Real Estate	2	0	0
Total	3	1	\$2,800

- d) With respect to street lights (nearly \$13 million in hydro costs annually), City staff do not have a process to update and verify that the City is correctly billed for related hydro costs.
- e) Omitted in the existing hydro meter record are about 9 per cent of hydro accounts that are billed separately in paper format. These omitted accounts included accounts with charges totalling \$300,000 a year that were not routinely analyzed for billing exceptions. While these are likely legitimate energy charges, they should be analyzed.

In summary, the City’s ability to effectively monitor its energy consumption level and costs is adversely affected when the Energy and Waste Management Office’s energy meter record lacks complete and relevant information.

Recommendations:

- 4. The Executive Director of Facilities & Real Estate Division take appropriate steps to ensure the Energy and Waste Management Office maintains a complete and accurate database on all hydro and natural gas meters billable to City divisions. The database be updated as required.**
- 5. The City Manager assign one City unit responsibility for developing and implementing a process for updating and verifying street lighting related hydro costs.**

Invoice Amount Requires Periodic Recalculation

Energy charges include consumption and regulated charges

Energy billings consist of a number of separate regulated charges including services related to distribution, transmission, network and connection. Charges for actual energy consumption represent about 56 per cent and 70 per cent for hydro and natural gas respectively. Since energy bills are processed in large volume and using various rates, the combination of these factors increases the likelihood for billing errors. The Energy and Waste Management Office’s services to City divisions include verifying utility bills and investigating billing errors.

Current procedures do not verify accuracy of amounts invoiced

Currently, the Energy and Waste Management Office only compares energy consumption levels between periods and years for significant variations. Recalculations to validate the charges based on set rates and consumption level were not carried out.

Audit results showed that billing amounts were generally calculated based on proper rate structure and meter reading

As part of this review, we recalculated two months of hydro charges with the use of a bill verification program developed in-house by the Toronto Transit Commission (TTC). We also recalculated three months of natural gas charges. No significant computation errors were identified in our review. Accordingly, we have a certain level of assurance that the City's hydro and natural gas charges are computed according to relevant price rates and based on consumption data provided by the respective utility.

Billings could also be tested on a sample basis

Since our testing revealed the billings are accurate, a complete verification of energy billings does not appear cost effective. However billings should be tested on a sample basis to supplement the analytical review currently performed by the Energy and Waste Management Office to ensure the calculations are correct.

Recommendation:

- 6. The Executive Director of Facilities & Real Estate Division take necessary steps to complete, on a sample basis, ongoing recalculations of major hydro and natural gas bills for accuracy and consider using the specific software currently used by the TTC.**

Strengthening Administrative Control Over Credit Recoveries

Reported exceptions are critical and warrant immediate management attention

Energy charges in excess of pre-established thresholds defined in the Energy and Waste Management Office's system are regularly listed in a monthly exception report for management attention. Established thresholds are set to highlight major deviations relative to historical energy consumption patterns, such exceptions are critical and warrant immediate management attention.

In the past, billing errors identified by the Energy and Waste Management Office resulting in payment refunds were primarily attributed to damaged meters and related metering errors, incorrect bill adjustments, duplicate charges and non City account charges.

Our review identified the need for strengthened administrative control over potential credit recoveries.

Billing exceptions totalling \$5.3 million were pending management review and action

Specifically, we found that as of January 2009, recognized billing and usage anomalies totalling \$5.3 million required management's in-depth review and decisions on whether payment refunds should be pursued. Exceptions totalling over \$140,000 were linked to hydro invoices dating as far back as 2007. While historically most of the anomalies investigated are valid charges, timely analysis of billing exceptions should be performed so that refunds are received on a timely basis.

Outstanding refund requests were not tracked

Finally, there is no system to track outstanding refund requests to utility providers to ensure they are properly resolved.

Strengthened administrative control will help ensure timely identification of payment refund opportunities and proper resolution of outstanding refund requests.

Recommendation:

- 7. The Executive Director of Facilities & Real Estate Division to ensure that identified energy billing anomalies are promptly analyzed and satisfactorily resolved with the provider on a timely basis. Further, a system be developed to track outstanding refund requests.**

Certain Staff Resources Could Be Redirected

Additional resources required by the Energy and Waste Management Office to address data integrity and workload backlog are in our view partially available through a reallocation of staff resources.

Certain staff resources could be redirected

An example is the possible redirection of nearly 25 per cent of a staff's time by requesting Toronto Hydro to transfer data files in a ready-to-work format rather than devoting staff resources to re-arranging data to a more workable format and removing certain unnecessary file data.

The Energy and Waste Management Office's staff also review energy consumption of City agencies such as the TTC and the Toronto Community Housing Corporation for reasonableness and data integrity although some of these agencies have their own staff doing similar work. Minimizing this duplication offers another opportunity to redirect existing resources to areas identified in this report.

Paper invoices need to be enrolled in the consolidated billing service plan

The City pays a flat annual fee for consolidating a maximum of about 2,400 hydro accounts. At the time of our review, over 100 hydro invoices were billed individually as paper invoices, therefore requiring extra accounting resources to process them each month. While the Energy and Waste Management Office has identified the need to consolidate these accounts since July 2008, a significant number of these accounts are still processed in paper format.

Recommendations:

- 8. The Executive Director of the Facilities & Real Estate Division take appropriate steps to expedite enrolment in the consolidated billing services plan all hydro invoices, and request from Toronto Hydro data in a format that facilitates input to the Energy and Waste Management Office's energy meter database.**
- 9. The Executive Director of the Facilities & Real Estate Division take appropriate steps to minimize duplication of energy consumption review efforts performed by City staff on behalf of City agencies such as the TTC and the Toronto Community Housing Corporation.**

Centralizing Cable Television Account Management for Cost Savings

Cable service plans subscribed by City divisions vary

Certain divisional staff view City Council and Committee meetings in their offices on cable television. Except at City Hall and Metro Hall where service coordination is provided by the Facilities & Real Estate Division, most City divisions independently subscribe to the cable service plan of their choice. The standard rates charged by the cable provider range from approximately \$28 per month for a basic cable package up to \$104 per month for the most expensive monthly package.

Effective account management could significantly reduce annual cost of cable television services

Our analysis of existing service plans indicated that annual cable television costs could be significantly reduced if they were effectively managed.

Basically, volume discount opportunities were lost as divisional managers separately subscribe to their own cable plans. The Facilities & Real Estate Division, being responsible to oversee cable television services at the civic centers, has secured a significant 2009 corporate discount rate for service users at Metro Hall. Additional savings could be achieved by applying this to other City accounts.

Downgrading certain high end cable service plan will achieve costs savings

Downgrading the current cable service plans offers another opportunity for cost savings. Various different packages, at significantly different prices, are subscribed to by different divisions. While there may be operational needs to subscribe to high end packages in certain instances, it appears that downgrades may be possible in some cases.

Consolidated account billing would reduce staff time required for monthly payment processing

Separate service arrangements made by divisional users have also created the need for Corporate Accounts Payable to process nearly 100 subscriber-based invoices each month, yet a formal inventory list of television cable service plans does not exist. Payment processing resources could be redeployed if the City received one consolidated cable service statement.

Centralized management of cable television services should be considered

Assignment of cable television services management responsibility to one organizational unit would help achieve maximum volume discounts and operational efficiencies. We estimated that the City could save in excess of \$150,000 annually through rebundling and some downgrading of current cable service plans.

Recommendation:

- 10. The Deputy City Manager and Chief Financial Officer assign responsibility for the management of cable television services. The specific responsibilities include:**
- a. the renegotiation of a corporate cable television service discount plan for all users**
 - b. the maintenance of an inventory of cable television plans**
 - c. the rationalization of such cable television plans commensurate with requirements.**

Audit Recommendations May Apply to Other City Organizations

Major City Agencies, Boards and Commissions such as the TTC and the Toronto Community Housing Corporation pay nearly \$90 million annually for hydro consumption alone.

Hydro costs incurred by major City Agencies, Boards and Commissions in 2008 were as follows:

	2008 (\$ million)	%
Toronto Transit Commission	40.6	45%
Toronto Community Housing Corp	34.7	39%
Public Library	3.0	3%
Police Services	2.9	3%
Exhibition Place	2.7	3%
Parking Authority	1.9	2%
Toronto Terminal Railways	1.2	1%
Toronto Zoo	1.0	1%
Arena Boards	0.8	< 1%
Performing Arts Centres	0.6	< 1%
Toronto Economic Development Corp	0.3	< 1%
Community Centre Boards	0.3	< 1%
	\$90.0	100%

Sources: Energy and Waste Management Office's database and SAP record

It is possible that certain of the above entities have similar issues to those identified in this report. Consequently, this report should be forwarded to them for their review and consideration.

Recommendation:

- 11. The City Manager forward this report to the City's major Agencies, Boards and Commissions in order to ensure that the issues raised in this report are addressed by them where appropriate.**

CONCLUSION

This report presents the results of our review of payments for hydro, natural gas and cable television services.

The major issues identified in our review include the following:

- lack of centralized oversight for approving hydro and natural gas invoice payments
- incomplete energy meter account record to effectively analyze energy consumption level
- inadequate management of identified billing anomalies
- lack of City-wide coordination of cable television service requirements.

Most of the issues identified may have applicability to certain major City Agencies, Boards and Commissioners and as such require their review and consideration for implementing our recommendations.

Addressing the recommendations in this report will provide a cost effective control framework for the City to effectively manage invoice payments for utility and cable television services.