



AUDITOR GENERAL'S REPORT ACTION REQUIRED

Toronto Environment Office – Review of Administration of Environmental Grants

Date:	January 17, 2011
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's 2010 work plan included a review of the City's environmental grant and loan programs that support climate change, clean air, sustainable energy and other environmental initiatives. This report addresses the grants managed by the Toronto Environment Office. In spring 2011, we will table a report at Audit Committee relating to a review of the loan and grant programs managed by the Energy Efficiency Office, Facilities Management Division.

The objective of this review is to assess the adequacy of controls and the effectiveness of the administration of the City's environmental grant and loan programs.

The report contains eight recommendations. The implementation of these recommendations will improve the monitoring of grants to ensure that funds were being used as intended, enhance project success rates and ensure that program results are accurately reported to Council.

RECOMMENDATIONS

The Auditor General recommends that:

1. The City Manager review the City's various environmental grant programs to ensure they are structured and managed as efficiently and effectively as possible. The results of the review, along with any recommendations, be reported to Executive Committee.

2. The Director, Toronto Environment Office, ensure that each grant file is complete and contains all relevant documentation. Further, the Director, Toronto Environment Office document in each project file the assessment of the impact of any reductions to grant requests on the organization's ability to complete the project as proposed.
3. The Director, Toronto Environment Office, revise the process for evaluating project proposals to include a numerical scoring of individual proposals based on program guidelines and priorities. The results of the evaluation process should be documented in the project file.
4. The Director, Toronto Environment Office, ensure adequate resources are applied to implement a more effective grant monitoring system that includes:
 - a. timely follow-up of overdue progress reports;
 - b. regular communication and visits with grant recipients;
 - c. ensuring funds are being used in accordance with conditions of the grant;
 - d. taking appropriate action where monitoring highlights problems or deficiencies in the use of funds;
 - e. a determination as to the appropriateness of providing ninety per cent of the grant at the commencement of the project; and
 - f. ensuring adequate resources are allocated to the management of all facets of the grant management process.
5. The Director, Toronto Environment Office, amend the conditions in all funding agreements so that the release of funding is more closely tied to the progress of each individual project.
6. The Director, Toronto Environment Office, ensure grant program progress and results are reported to Council during 2011.
7. The Director, Toronto Environment Office, in consultation with the City Solicitor, amend the standard agreement for the Eco-Roof Incentive Program to allow City staff to periodically inspect green roofs in accordance with the roofs specific design service life. Such amendment also allow for the repayment of grants, if green roof inspections determine that a roof has not been satisfactorily maintained.
8. The Director, Toronto Environment Office, ensure that, where appropriate, future agreements with funding partners require that the City be provided with the results of any audits of the grant program undertaken by the funding partners.

Financial Impact

The implementation of recommendations in this report will improve the monitoring of grants programs. We do not anticipate any significant financial impacts as a result of implementing the recommendations in this report.

COMMENTS

This report provides the results of the Auditor General's review of grants managed by the Toronto Environment Office. This review was conducted as part of the Auditor General's 2010 Work Plan.

The Auditor General's report entitled "Toronto Environment Office – Review of Administration of Environmental Grants" is attached as Appendix 1. Management's response to each of the recommendations contained in the report is attached as Appendix 2.

CONTACT

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SIGNATURE

Jeff Griffiths, Auditor General

10-TEO-01

ATTACHMENTS

Appendix 1: Toronto Environment Office – Review of Administration of Environmental Grants

Appendix 2: Management's Response to the Auditor General's Review of Toronto Environment Office – Review of Administration of Environmental Grants