

**AUDITOR GENERAL'S  
OFFICE -  
FORENSIC UNIT STATUS REPORT  
ON RECOMMENDATIONS**

**May 26, 2011**



**Auditor General's Office**

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Jeffrey Griffiths, C.A., C.F.E.  
Auditor General  
City of Toronto

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## **SUMMARY**

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This report provides updated information regarding the implementation status of recommendations made by the Auditor General's Office in the context of special reviews, which were publicly reported through Audit Committee, as well as those made in the annual Fraud and Waste Hotline reports.

Since January 2007, the Auditor General has issued various reports related to its operation of the City's Fraud and Waste Hotline Program, containing a total of eight recommendations reported publicly.

The results of our review indicate management has fully implemented seven of the eight recommendations made in reports by the Auditor General's Forensic Unit from January 1, 2007 to December 31, 2010.

Continued efforts to implement outstanding recommendations will provide additional benefit to the City through cost savings, additional revenue and enhanced service delivery.

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## **BACKGROUND**

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The Auditor General's Office has administered the Fraud & Waste Hotline Program since its inception in 2002. In July 2005, a separate Forensic Unit was established within the Auditor General's Office dedicated to the operation of the Hotline Program.

The Forensic Unit is responsible for conducting and coordinating investigations or reviews directed at the detection of fraud, waste and wrongdoing involving City resources and reporting on the activity of the Hotline Program. In this context, the Auditor General's Office may make recommendations which management is responsible for addressing.

In accordance with the Auditor General's 2011 Work Plan, we have completed a review of the implementation status of recommendations made by the Auditor General's Office in the context of special reviews conducted as part of its operation of the City's Fraud and Waste Hotline Program.

This review includes recommendations included in reports issued by the Auditor General's Office from January 1, 2007 through December 31, 2010.

## RESULTS

Table 1 below contains results for recommendations made by the Auditor General's Office in the context of reviews conducted as part of its operation of the City's Fraud and Waste Hotline Program from January 1, 2007 to December 31, 2010.

**Table 1:  
Percentage of Recommendations Implemented**

Status of Recommendations	As of December 31, 2010
Fully Implemented	7
Not Fully Implemented	1
Total	8
Fully Implemented as a percentage of total recommendations	88%

As of January 1, 2007, various reports issued by the Auditor General's Office in the context of reviews conducted as part of its operation of the City's Fraud and Waste Hotline Program contained a total of eight recommendations.

The results of our review indicate that management has fully implemented seven or 88 per cent of the eight recommendations made by the Auditor General since January 1, 2007.

A complete listing of the recommendations implemented and those not fully implemented, since we last reported, is included in Attachments 1 and 2.

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## CONCLUSION

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This review process includes the verification of recommendations made by the Auditor General's Office in the context of special reviews which were publicly reported through Audit Committee and those conducted as part of its operation of the City's Fraud and Waste Hotline Program.

Our review process verifies recommendations management believes they have fully implemented. We do not conduct audit work on recommendations not yet fully implemented. Recommendations reported as "implemented" will not be reported to Council in the future. All recommendations reported as "not fully implemented" will be included in subsequent follow-up reviews, until "fully implemented."

**ATTACHMENT 1**

**RECOMMENDATIONS FULLY IMPLEMENTED**

**Division:** City Manager's Office, Human Resources

**Report Title:** Managing Employee Attendance - Opportunities for Improvement

**Report Date:** October 15, 2008

**Recommendation:**

- 001 The City Manager take immediate action to reinforce management and supervisory staff awareness of the availability of attendance management reports. Attendance Management reports should be used by all supervisory staff in the management of employee attendance.

**ATTACHMENT 2**

**RECOMMENDATIONS NOT FULLY IMPLEMENTED**

**Division:** City Manager’s Office, Human Resources

**Report Title:** 2006 Annual Report on the Status of Fraud and Related Matters,  
Including Operation of the Fraud and Waste Hotline Program

**Report Date:** March 8, 2007

<b>No.</b>	<b>Recommendation</b>	<b>Management’s Comments and Action Plan/Time Frame</b>
001	<p>The City Manager give consideration to accelerating the introduction of a formal ongoing ethics education program to all City staff which emphasizes the following:</p> <ul style="list-style-type: none"> <li>▪ the role of staff in the prevention and detection of fraud;</li> <li>▪ the responsibilities of staff in reporting incidents of allegations of fraud or wrongdoing;</li> <li>▪ the importance of protecting employees who report allegations of fraud or wrongdoing;</li> <li>▪ the importance of recognizing, avoiding and communicating conflict of interest situations; and</li> <li>▪ the consequences of reporting incidents of fraud or wrongdoing which are frivolous or vexatious.</li> </ul> <p>In developing such a program, consideration should be given to delivering the program through the City’s intranet.</p>	<p>The City of Toronto currently has a formal, ongoing ethics education program in which 2793 Executive, Management and Supervisory and Professional staff have received classroom based training which addresses the Charter of Expectations, Ethical Decision making and awareness of key policies including; the Conflict of Interest Policy, and the Fraud and Waste program.</p> <p>The program is directed by the Ethics Steering Committee which includes the City Solicitor, General Managers from each cluster and the Internal Auditor.</p> <p>In the 4Q 2011 there will be cost effective education and communication strategy which will address staff roles and responsibilities regarding; ethics, fraud, conflict of interest and protection of staff reporting wrong doing.</p> <p>The strategy will provide cost effective methods appropriate to the goals and may include, e-learning, print and other communication channels. It will refresh staff knowledge and fully address the AG recommendations.</p>