



# AUDITOR GENERAL'S REPORT INFORMATION ONLY

## Previous Audit Reports – Common Themes and Issues

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<b>To:</b>	Audit Committee
<b>From:</b>	Auditor General
<b>Wards:</b>	All
<b>Reference Number:</b>	

### SUMMARY

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The purpose of this report is to provide a summary of the more common themes and issues identified in previously issued audit reports. The highlighting of these issues in a separate report provides an opportunity to revisit each one of these areas in order to ensure that they continue to receive an appropriate level of attention. The issues identified are as follows:

- There are significant efficiencies to be gained by the consolidation of various administrative functions throughout the City and its Agencies, Boards and Commissions.
- Audit recommendations identified which are specific to individual Divisions, Agencies, Boards and Commissions need to be considered on a City-wide basis. Recommendations generally have applicability not only to the entity subject to audit but also to other entities throughout the City.
- Any decisions regarding the development and acquisition of financial information systems throughout the City's Agencies, Boards and Commissions should first address whether or not the City's system known as SAP should be the system of choice.

Each one of the above issues was raised in a number of individual and specific audit reports.

In terms of the Auditor General's annual follow up of audit recommendations, areas such as those identified above are somewhat difficult to address mainly because they are City-wide. Nevertheless, where individual audits identify instances where the recommendations relating to the above have not been implemented they will be reported to Audit Committee.

## **Financial Impact**

There are no financial implications.

## **ISSUE BACKGROUND**

The Auditor General, since the establishment of the office, has issued a significant number of reports each of which contains a wide range of recommendations. These reports have covered both City Divisions as well as Agencies, Boards and Commissions. Many of the recommendations are specific to the entity being audited but others have relevance to all other entities throughout the City.

As a part of the audit process, the Auditor General conducts a follow up process to determine whether or not recommendations have been implemented. On an individual Divisional or Agency, Board and Commission basis, this process is fairly straight forward as recommendations are specific to the entity audited. However, for those recommendations which have relevance throughout the City, it is much more difficult to ensure that the recommendations have been implemented. In such cases it is not possible to do so without a review of each and every Division or Agency, Board and Commission.

It is senior management's responsibility to ensure that the above recommendations have been considered on a corporate-wide basis and the preparation of this report serves as a reminder of this responsibility.

## **COMMENTS**

The following City-wide themes and issues identified throughout the audit process have been as follows:

### **1) The Consolidation of Various Functions Throughout the City**

The issue of the consolidation of various administrative and operational functions throughout the City and its Agencies, Boards and Commissions has been an issue which has been raised many times by the Auditor General in various reports including those relating to fleet, real estate, information technology, and accounting services.

In regard to the potential for consolidation at the Agency, Board and Commission level, the response from senior management for the most part has revolved around the issue of a lack of authority by City staff at these entities. Consequently, for the most part, the City has adopted a "hands off" approach when dealing with its Agencies, Boards and Commissions in spite of the fact that there are significant opportunities for cost savings.

The recent core service review undertaken at the City has also confirmed the need for a review of the possibility of "shared services" across the City. This issue was also raised in the previous Mayors Fiscal Review Panel Report in 2008 entitled "Blueprint for Fiscal Stability and Economic Prosperity – A Call to Action" which stated that:

- “The City should review its City-wide Shared Services departments and those of the ABCC’s and look for opportunities to consolidate certain key functions and responsibilities.”
- “The City will secure greater alignment between its responsibilities, accountability and authority through more co-operation with and increased oversight of the ABCC’s and increased opportunity to realise savings and execute joint initiatives”.

Opportunities for consolidating services include the following areas:

- Financial information systems
- Information Technology
- Human Resources
- Procurement
- Legal Services
- Audit Services
- Accounting including payroll
- Fleet
- Real Estate Management.

The consolidation of these functions does provide an opportunity for significant cost savings.

## **2) The Need to Ensure that Audit Recommendations are Implemented on a City-Wide Basis**

Audit recommendations for the most part are specific to the entity being audited even though their application may be City-wide. In this context, it is important that all Divisions and Agencies, Boards and Commissions review all such recommendations and where appropriate take steps to implement them.

## **3) SAP Should Be the Financial Information System of Choice Throughout the City**

One of the factors in the original acquisition of the SAP financial information system relatively soon after amalgamation was the potential of its wide spread use throughout the City’s Agencies, Boards and Commissions. Various applications of SAP have been introduced at many of the City’s Divisions but the use of SAP at the Agencies, Boards and Commissions has been somewhat limited. In this context, it is important that all future information technology related developments consider the use of SAP.

## **CONCLUSION**

This report represents an analysis of major and recurring issues identified in various previously issued audit reports. These issues should receive ongoing attention by senior management at both the City and the Agencies, Boards and Commissions.

## **CONTACT**

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## **SIGNATURE**

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