



# Association of Local Government Auditors

August 24, 2012

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Mr. Jeffrey Griffiths  
Auditor General  
City of Toronto  
9th floor, Metro Hall  
55 John St.  
Toronto, ON M5V 3C6

Dear Mr. Griffiths:

We have completed a peer review of the City of Toronto Auditor General's Office (Office) for the period January 1, 2009 through December 31, 2011, and issued our report thereon dated August 24, 2012. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your Office excels:

- The extensive Risk Assessment process the Office conducts to develop the five-year risk assessment and annual audit plans. The process includes: detailed analyses of the major City divisions, Agencies, Commissions, and Corporations and an extensive use of criteria and overall consideration of past audit work.
- The audit staff has a strong set of certifications and qualifications and tackles complex audit topics.
- The organization of audit workpapers and well-developed quality control process, including checklists and supervisory review at various steps help ensure audit standards are followed and audit quality is achieved.
- The Issue Development Worksheet is a good tool to develop the report issues and be more efficient in the report writing phase.
- Audit planning steps culminating with the issuance of a Terms of Reference letter is an effective way to communicate the results of the preliminary assessment, the audit objectives, scope, and methodology to management staff and assist in the development of the fieldwork audit program.
- The administrative staff were very efficient and gracious, and we observed how their organizational skills benefited your audit work.

We offer the following one observation and suggestion to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- Government Auditing Standards 1.25 states that performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, and facilitate decision making. Generally, when an audit organization reports information without following Generally Accepted Government Auditing Standards, the work product is categorized as nonaudit service instead of a performance audit.

While reviewing the various engagements and work performed in your Office, we noted 1 out of 50 reports was classified as administrative in nature when it should probably have been classified as an audit or nonaudit. This written report included analytics and audit procedures and was provided to management and Council to assist in reducing costs and facilitating decision making and was posted to the Office website for public use.

We suggest that for similar future projects the Office evaluate the classification of this work (i.e. either performance audit or nonaudit services) and apply the appropriate standards.

We extend our thanks to you, your staff and the other city officials we met for the hospitality and cooperation extended to us during our review.

Sincerely



Beth Breier  
City of Tallahassee, FL



Bill Greene  
City of Phoenix, AZ