



AUDITOR GENERAL'S REPORT INFORMATION ONLY

Deferral of the Audit of Shared Services

Date:	October 6, 2015
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's 2015 Annual Work Plan included an audit of shared services. The audit was expected to assess the rate of implementation of shared service recommendations made in previous Auditor General reports and from the KPMG Shared Service Study in 2012. This report is provided to inform the Audit Committee the reasons for deferring this audit at this time.

In September 2015, the Executive Committee received a staff report entitled "Update on the Shared Services Project" from the Shared Services Project Team. The report included a multi-year implementation plan, a summary of benefits achieved as a result of the progress to date, and a roadmap for moving forward.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.18>

The staff report included a review of the background of the Shared Services Project, which was started in 2014 based on direction from City Council to implement various shared services recommendations. An Executive Steering Committee and 15 working groups, represented by City divisions, Agencies and certain Corporations, were formed at that time. The Executive Steering Committee provides oversight and direction for the overall Shared Services Project, while each working group has been given responsibility for specific recommendations.

The report also included a status update on each of the recommendations. Staff reported that the Executive Steering Committee expects to have 89 per cent (8 of 9) of the short-term recommendations implemented by mid-2016. The remaining short-term opportunities are expected to be complete by mid-2016, pending final review and approval from the Executive Steering Committee.

In addition, the Executive Steering Committee expects to have 38 per cent (3 of 8) of the long-term recommendations implemented by mid-2016. The other five long-term opportunities will require detailed analyses and implementation plans to be approved by the Executive Steering Committee before a firm completion date can be determined.

The update report discussed the strategy for ongoing efforts for implementing the shared services recommendations for 2015 and beyond. In 2016, the focus will be on common learning, insurance, procurement, information technology, and real estate, as well as increasing collaboration in other areas.

Before embarking on a full audit, we met with the Shared Services Project Team to gain an understanding of the project and the status of implementation of the shared services recommendations. It was important to consider the timing of this audit. On the one hand, because there had been a concern about the Shared Services Project being delayed, we wanted to ensure the project was progressing. On the other hand it was important to allow sufficient time for the Shared Services Project Team and the working groups to implement the program.

Through preliminary procedures, we understand that working groups continue to meet regularly to discuss common matters and are working together towards developing metrics to measure costs savings, implementation costs, as well as service improvements. The Shared Services Project Team advised that they have seen most significantly an overall culture shift across all organizations and increased collaboration across organizations, and noted that benefits are expected to increase with time.

Since 2013, the Auditor General's annual audit work plans have included, and continue to include, a number of audits that may have relevance for many of the functional areas within the scope of the Shared Services Project. The work in these areas will help ensure readiness to implement shared services recommendations successfully. Appendix 1 provides examples of Auditor General's completed and ongoing audit projects related to various shared services areas.

The Auditor General will continue to share relevant audit reports with the Shared Services Project Team, as well as the divisions, Agencies and Corporations to which reports may have relevance.

Given the ongoing work on the Shared Services Project, the regular status reporting by staff, and the specific work of the Auditor General's Office in various shared services areas, the Auditor General is deferring an audit of shared services to a later date. Additionally, the Auditor General will continue to communicate with the Shared Services Project Team to ensure that project stewards are adequately monitoring and reporting on the implementation progress of the shared services recommendations.

Financial Impact

There is no financial impact resulting from receipt of this report.

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ATTACHMENTS

Appendix 1 – Examples of Auditor General's Completed and Ongoing Audit Projects Related to Various Shared Services Areas

APPENDIX 1

Examples of Auditor General’s Completed and Ongoing Audit Projects Related to Various Shared Services Areas

Shared Services Functional Areas	Implementation Target Timeline ¹	Auditor General’s Audit Projects	Year Audit Completed
Human Resources – Share generic training and learning functions	2014 - 2016	Human Resources – Enterprise Learning Management System ²	2015
		Improving the Administration of City Training Programs http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU2.6 http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU2.6	2015
Human Resources – Develop a labour relations and collective bargaining strategy / Standardize human resource information systems and share payroll administration	2014 – 2017 and beyond	Various Continuous Controls Monitoring Program (including Overtime, Standby Pay and Mileage Expenses; Staff Absenteeism)	Ongoing
		Audit of Long Term Disability (LTD) Benefit Program for the City ²	2015
		Opportunities to Enhance Employee Absenteeism Performance Measures and Reporting of Results http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.AU16.18	2014
		Emergency Medical Services - Payroll and Scheduling Processes Require Strengthening http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.AU13.14	2013

Shared Services Functional Areas	Implementation Target Timeline ¹	Auditor General's Audit Projects	Year Audit Completed
Real Estate – Expand the City's provision of lessor services to TTC and TPA / Coordinate real estate contract and vendor management	2014 - 2016	Toronto Parking Authority – Review of Real Estate Development Activities*	2015
		Operational Review of Build Toronto http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU1.7	2014
Procurement – Continue to rationalize the City stores and automate P2P processes / Share procurement of common goods and services and implement strategic sourcing	2014 - 2016 and beyond	Audit of procurement of City-Wide Major Service Contracts For Road Construction And Paving*	Ongoing
		Review of Divisional Purchase Orders http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU1.18	2015
Fleet Management – Create a Fleet Management Centre of Excellence	2014 - 2015	Work undertaken by the Forensic Unit in cooperation with the Fleet Services Division ²	Ongoing
		Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase Two: Non-Revenue Fleet and Equipment Management and Maintenance http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU2.1	2015
		Review of Toronto Transit Commission, Non-Revenue Vehicle Fuel Card Controls Need Immediate Improvement http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU2.2	2015

Shared Services Functional Areas	Implementation Target Timeline ¹	Auditor General's Audit Projects	Year Audit Completed
		Reliable Data is Needed for Effective Fleet Management (http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.AU11.7)	2013
		Auditor General's Hotline Investigation Report: Fleet Services Division - Review of Various Equipment Maintenance Practices (http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.AU13.9)	2013
Information Technology – Share common information technology infrastructure / Rationalize information technology applications / Include the Agencies in a plan to transition to managing digital records / Establish an IT Contract Management Centre of Excellence	2014 – 2019 and beyond	Audit of Information Technology (IT) Network Vulnerabilities Within The City ²	Ongoing
		Software Licenses - Managing the Asset and Related Risks (http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU1.17)	2015
		Financial Planning Analysis and Reporting System (FPARS) - A Large Scale Business Transformation / Information Technology Project (http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.AU11.4)	2013
		IT Service Desk Unit - Opportunities for Improving Service and Cost-Effectiveness (http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.AU13.13)	2013

Shared Services Functional Areas	Implementation Target Timeline ¹	Auditor General's Audit Projects	Year Audit Completed
		Electronic Data - Standardizing Data Formats Across City Information Systems http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.AU10.9	2013
Facilities Management – Incorporate the Agencies in the Facilities Transformation Project	2014 – 2015 and beyond	Review of Custodial Care Operations ²	Ongoing
		Review of the Redevelopment of the Sony Centre for the Performing Arts http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.AU15.3	2014

¹ The implementation target timelines for the shared services recommendations are summarized from the September 2015 staff report entitled “Update on the Shared Services Project” (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.18>).

² Denotes audit projects currently in progress or audit reports not yet issued as of the time of preparation of this information report.