



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

**Invest Toronto Inc. – Results of Follow-up of Previous
Audit Recommendations**

Date:	April 1, 2016
To:	The Board of Directors of Invest Toronto Inc.
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's Office conducts an annual follow-up review on the implementation status of recommendations contained in previously issued audit reports. This report provides the status of the implementation of the audit recommendations included in the report entitled "Operational Review of Invest Toronto Inc." dated December 3, 2014.

The audit report was presented to the Invest Toronto Inc. Board of Directors on April 8, 2015, to the City's Audit Committee on May 22, 2015 and to City Council at its meeting of June 10, 2015.

On September 30, 2015, City Council endorsed, in principle, the establishment of a new regional foreign direct investment attraction agency. The agency is expected to carry out certain functions that are currently being carried out by Invest Toronto Inc. The establishment of the agency is subject to a further report to City Council on the specifics of the proposed organization, including its governance, funding formula and core operating elements, such as strategy and positioning. It is also subject to the City's financial contribution being approved in the 2016 budget process.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.ED6.2>

There were two recommendations included in the December 3, 2014 Invest Toronto audit report. As a result of City Council's direction to establish the new regional foreign direct investment attraction agency, the implementation of the two audit recommendations has been deferred until the approach for the establishment of the new agency have been finalized.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Board of Directors of Invest Toronto Inc. receive this report for information.

Financial Impact

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

Financial implications from the proposed new organization, including its governance, funding formula and core operating requirements will be included in the General Manager, Economic Development and Culture's report to City Council.

ISSUE BACKGROUND

The Auditor General conducts an annual follow-up process to ensure management has taken appropriate action to implement recommendations contained in audit reports.

In accordance with the Auditor General's Work Plan, we have reviewed the status of outstanding audit recommendations from the December 3, 2014 Invest Toronto Inc. audit report. We conducted this follow-up audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

COMMENTS

The follow-up review process requires that management provide the Auditor General with a written response regarding the implementation status of each audit recommendation. Where management indicates that recommendations have not been implemented, no audit work is performed and the audit recommendation is carried-forward to the next follow-up audit.

Table 1 represents the results of our follow-up on audit recommendations for Invest Toronto Inc.

Table 1:

RESULTS OF THE CURRENT REVIEW

Report Title and Date	Total No. of Recs.	Previously Reported		Results of Current Review		
		Fully Implemented	Not Applicable	Fully Implemented	Not Fully Implemented	Not Applicable
Operational Review of Invest Toronto Inc.	2	N/A	N/A	0	2	0

Recommendations that have not been fully implemented, together with management's comments and action plan, are listed in Attachment 1. These recommendations will be carried forward to the next follow-up audit.

In addition, during the December 3, 2014 audit, a management letter was issued to management. The letter contained recommendations that related to opportunities for minor administrative improvements. We also reviewed the status of these recommendations as part of this follow-up process. We issued a letter to management on the results of our follow-up.

A consolidated report on the results of the implementation status of all recommendations that relate to City's Agencies and Corporations will be issued by the Auditor General and tabled at the June meeting of the City's Audit Committee. The status of the implementation of Invest Toronto Inc.'s recommendations will be included in that report.

CONTACT

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SIGNATURE

Beverly Romeo-Beehler, Auditor General

ATTACHMENT

Attachment 1: Audit Recommendations – Not Fully Implemented

**INVEST TORONTO INC.
AUDIT RECOMMENDATIONS – NOT FULLY IMPLEMENTED**

Report Title: OPERATIONAL REVIEW OF INVEST TORONTO INC.
Report Date: DECEMBER 3, 2014

Recommendations:

No.	Recommendation	Management’s Comments and Action Plan / Time Frame
(1)	<p>City Council request the City Manager, in consultation with the General Manager, Economic Development and Culture, to report through the Economic Development Committee by June 2015 on the recommended approach for the City's efforts to promote Toronto as an investment destination. Such a report to address:</p> <ul style="list-style-type: none"> a. The advantages and disadvantages of a regional economic development agency including any impacts on the operations of the City and/or its economic development corporations, specifically Invest Toronto, Build Toronto, and Toronto Port Lands Company; and b. The recommended levels of City funding for foreign direct investment promotion and attraction activities, giving consideration to the opportunity for cost savings and operational efficiencies through integration of Invest Toronto's activities into a regional investment promotional agency and/or the Economic Development and Culture Division. 	<p>Latest update to Council (Sept. 30/15) ED6.2 (Sept.18/15) endorsed establishment of new agency with further report on governance, funding, strategy issues.</p> <p>Deferred depending on further report recommending approach for new agency to be outlined in follow-up report.</p>

No.	Recommendation	Management's Comments and Action Plan / Time Frame
(2)	Subject to any decisions or actions taken in the implementation of recommendation #1 above, City Council request the applicable organization(s) responsible for investment promotion and attraction activities for Toronto to submit a 3-year rolling strategic plan to the City. The City Manager be requested to forward the plan to the Executive Committee and/or Economic Development Committee for information	Deferred depending on further report recommending approach for new agency to be outlined in follow-up report.