

Revised 2017 Audit Work Plan

Date: March 10, 2017
To: Audit Committee
Executive Committee
From: Auditor General
Wards: All

SUMMARY

In its deliberation of the City's 2017 budget, City Council approved a temporary increase of \$1.0 million to the Auditor General's 2017 Operating Budget to provide additional capacity to undertake value for money audits and investigations, subject to a report back to Audit and Executive Committees on a revised Audit Work Plan.

City Council's decision is accessible on the City web site at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

In response to City Council's direction, the Auditor General submits this revised Work Plan report to the Audit and Executive Committees. The purpose of this report is to advise the Committees of the audit projects that will be added to the Auditor General's 2017 Work Plan.

The following four new projects will be added to the 2017 Work Plan:

- Audit of Fire Services Operations Command
- Audit of construction contracts issued by the Engineering and Construction Services Division
- Audit of information technology asset management
- Audit of information technology network infrastructure

The Auditor General's Forensic Unit will also be undertaking more major investigations with these additional resources.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Audit Committee receive this report for information.
2. The Executive Committee receive this report for information.

FINANCIAL IMPACT

The recommendations in this report have no financial impact.

DECISION HISTORY

The Auditor General's 2017 Audit Work Plan was adopted by the Audit Committee at its October 28, 2016 and by City Council at its November 8, 2016 meeting. The report is accessible on the City's web site at:

<http://www.toronto.ca/legdocs/mmis/2016/au/bqrd/backgroundfile-97443.pdf>

On February 15, 2017, City Council approved a temporary increase to the Auditor General's 2017 budget and adopted the following:

"City Council approve the temporary increase of \$1.0 million, as reflected in the Auditor General's 2017 Budget Committee Recommended Operating Budget to provide additional capacity to undertake value for money audit and investigations, subject to a report back to Audit and Executive Committees from the Auditor General on a revised audit work plan, and that temporary planned increases of up to \$1.5 million in 2018 and an additional \$1.4 million in 2019 be subject to consideration in future year budget processes together with revised audit work plans."

COMMENTS

The Auditor General's 2017 Audit Plan contains details of audit projects planned for the year. The Audit Work Plan may be amended by the Auditor General as new information arises.

The Auditor General undertakes a risk-based approach in developing the Work Plan. The 2017 Audit Plan includes priority projects from the latest risk assessment. Given the current resources, completion of all the high priority projects identified would take approximately five years.

With the increase in 2017 approved budget, the Auditor General will have additional capacity to address the backlog of the high risk projects on a timelier basis and conduct more investigations where needed. The Office is currently in the process of recruiting staff. The increase in staffing level will allow the Auditor General's Office to initiate more projects during 2017.

The Auditor General, after considering the operational risks and priorities in the City and its Agencies and Corporations, and the views and suggestions from City Councillors and City management, will be adding the following four new projects to the 2017 Work Plan:

- Audit of Fire Services Operations Command

- Audit of construction contracts issued by the Engineering and Construction Services Division
- Audit of information technology asset management
- Audit of information technology network infrastructure

While these new projects will commence in 2017, the audit reports will be provided to the Audit Committee in 2018 due to the duration of time to complete an audit project.

All Auditor General's audits are conducted in accordance with Generally Accepted Government Auditing Standards. These Standards require that the Auditor General plans and performs audits to obtain sufficient, appropriate evidence that provides a reasonable basis for the findings and conclusions. To be in compliance with the Standards and the prescribed auditing procedures, each audit project takes on average nine months from start to finish by a team of two to three audit staff.

The four new projects added to the 2017 Work Plan are likely to be conducted in multiple phases given the nature and complexity of the operation or subject matter.

Appendix 1 outlines the new projects and provides an update on the status of the planned audits in the original 2017 Work Plan.

The Auditor General will provide her 2018 Work Plan to the Audit Committee at its October 2017 meeting and will include additional projects taking into account the pending 2018 budget increase.

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SIGNATURE

Beverly Romeo-Beehler
Auditor General

ATTACHMENT

Appendix 1: Auditor General's Office Revised 2017 Audit Work Plan

AUDITOR GENERAL'S OFFICE REVISED 2017 AUDIT WORK PLAN

1. NEW AUDIT PROJECTS

New audit projects to commence in 2017 are included in the table 1 below. Each of these projects may be divided into multiple audit phases given the nature and complexity of the operation or subject matter.

Table 1: New Audit Projects to Commence in 2017

	Audit Project	Project Description
1.	Toronto Fire Services - Review of Operations Command Unit	The audit will review the operational efficiency and effectiveness of the firefighting and other hazards response processes.
2.	Engineering and Construction Services (ECS) Division - Contract Tendering and Management	The audit will review selected types of construction contracts from the ECS Division.
3.	Information Technology Project - IT Asset Management	This audit will include an assessment of controls in managing and accounting of information technology assets at the City.
4.	Information Technology Project - Network Infrastructure Review	The audit will review information technology architecture, network design and operational configuration.

2. PLANNED AUDIT PROJECTS STATUS UPDATE

The table 2 below includes projects from the 2016 Audit Plan that will be completed in 2017 and the planned projects in the original 2017 Audit Work Plan.

Table 2: Project Status of 2016 - 2017 Planned Audit Projects

	Audit Projects	Project Status
1.	Business License and Permit Issuance and Enforcement (excluding Taxis)	In progress
2.	Facilities Management - Cost Recoveries from Union Station Tenants	In progress

	Audit Projects	Project Status
3.	Management of Employee Health and Dental Benefits Claims - Supplementary Report on Drug Benefits	In progress
4.	Management and Oversight of Vendor Rosters	In progress
5.	Toronto Transit Commission - Management of Employee Health and Dental Benefits Claims	A preliminary analysis of TTC claim data will be conducted in 2017
6.	Toronto Transit Commission – Procurement Processes	In progress
7.	Toronto Transit Commission - Accounts Payable	In progress
8.	Children Services Review	In progress
9.	Toronto Transit Commission – Telecommunication Expenses	To be commenced in 2017
10.	Urban Forestry	To be commenced in 2017
11.	Court Services Revenue Controls	To be commenced in 2017
12.	Basement Flooding Subsidies and Contract Management	To be commenced in 2017
13.	Operational Review of the Green Lane Landfill operations	To be commenced in 2017
14.	Information Technology Project - City-wide Data Center Facilities Review	To be commenced in 2017
15.	Toronto Transit Commission –Subway Maintenance	To be commenced in 2017
16.	Toronto Community Housing Corporation – Redevelopment and Revitalization of TCHC Communities	To be commenced in 2017