

## **Auditor General's 2018 Status Report on Outstanding Audit Recommendations for Divisions in Cluster A and the City Manager's Office**

**Date:** January 22, 2018

**To:** Audit Committee

**From:** Auditor General

**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

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This report involves the security of property belonging to the City or one of its Agencies or Corporations.

### **SUMMARY**

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Every year, the Auditor General reviews the implementation status of outstanding audit recommendations and reports the results to City Council through the Audit Committee.

This report provides information regarding the implementation status of audit recommendations issued to City divisions in Cluster A and the City Manager's Office. The divisions in Cluster A are:

- Affordable Housing
- Children's Services
- Court Services
- Economic Development & Culture
- Toronto Paramedic Services
- Employment & Social Services
- Long-Term Care Homes & Services
- Parks, Forestry & Recreation
- Public Health
- Shelter, Support & Housing Administration
- Social Development, Finance & Administration
- Toronto Office of Partnerships

The Human Resources Division is part of the City Manager's Office.

This report also provides information on the potential cost savings from outstanding audit recommendations relating to City divisions in Cluster A and the City Manager's Office in response to a motion adopted by the Audit Committee at its July 4, 2016, meeting.

As of January 19, 2018, 95 per cent of the total 470 recommendations issued by the Auditor General to Cluster A City divisions and the City Manager's Office have been fully implemented. This excludes 67 recommendations that are no longer applicable.

Specifically, included in this year's follow-up process are 48 outstanding recommendations from 13 audit reports previously issued to Cluster A divisions or the City Manager's Office. Among these 48 recommendations, we verified that 22 recommendations (46 per cent) have been fully implemented, 25 recommendations (52 per cent) were either reported by management or determined by our review as being not fully implemented, and 1 recommendation (2 per cent) is no longer applicable.

Continued efforts to implement outstanding recommendations will provide additional benefits to the City such as improving performance measures, enhancing information system capacities, and developing program-specific long-term strategies or master plans.

Many of the City divisions in Cluster A and the City Manager's Office have undertaken a significant amount of work to implement the recommendations. While a number of the recommendations have not been fully implemented, we recognize that some of the recommended changes require significant system changes or the development of long-term strategies, hence necessitating a longer time frame for full implementation.

Among the audit reports with outstanding recommendations, the 2009 audit report on the Capital Program of the Parks, Forestry and Recreation Division continues to have three recommendations not fully implemented to date. Management indicated that they have made progress towards the implementation of these recommendations. Further details are provided on pages 7-8 of this report, and pages 10-11 in Attachment 2.

We express our appreciation for the co-operation and assistance we received from management and staff of City divisions in Cluster A and the City Manager's Office during this year's follow-up review process.

## **RECOMMENDATIONS**

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The Auditor General recommends that:

1. City Council receive this report for information.
2. City Council not authorize the public release of the confidential information contained in Confidential Attachment 1.

## **FINANCIAL IMPACT**

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There is no financial impact resulting from the adoption of the recommendations in this report.

## **DECISION HISTORY**

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At the July 4, 2016, Audit Committee meeting, a motion was adopted requesting the Auditor General to report to the October 28, 2016, Audit Committee meeting on the estimated savings associated with outstanding audit recommendations and the effect these savings would have on the City's Annual Financial Statements.

In response to the motion, the Auditor General presented a report entitled "Auditor General's New Recommendation Follow-up Process and Response to Report Estimated Cost Savings Associated with Outstanding Recommendations" to the Audit Committee at its October 28, 2016, meeting. The report is available at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.AU7.9>

In the aforementioned report, the Auditor General indicated that her Office will incorporate the requested savings information in her 2017 annual follow-up reports to the Audit Committee. The Auditor General also informed the Audit Committee of a new follow-up reporting process being piloted in 2017 and 2018.

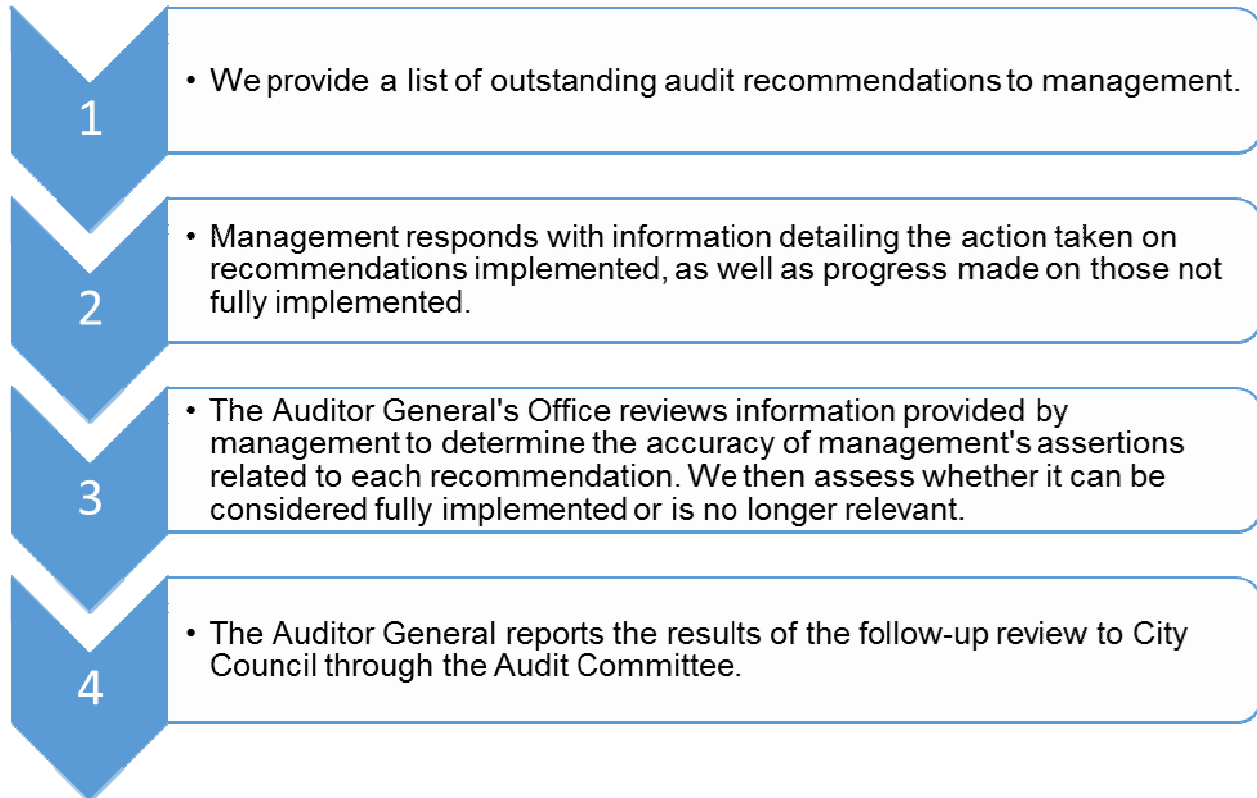
## **ISSUE BACKGROUND**

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The follow-up of outstanding recommendations is required by Government Auditing Standards. Following up on outstanding recommendations from previous audits is important because it ensures that management has taken appropriate action to implement the recommendations. The Auditor General reports to the Audit Committee each year on the implementation status of outstanding recommendations.

In accordance with the Auditor General's 2018 Work Plan, and the new follow-up reporting process that started in 2017, we have completed a review of the implementation status of audit recommendations issued to City divisions in Cluster A and the City Manager's Office.

The key steps in our recommendation follow-up process are:



This report relates only to City divisions in Cluster A and the City Manager's Office and does not include recommendations relating to divisions in Cluster B, Cluster C, City Agencies and Corporations, or recommendations in investigative reports issued by the Auditor General.

Recommendation follow-up results for Cluster B and City Agencies and Corporations will be reported to the July 2018 Audit Committee Meeting.

Recommendation follow-up results for Cluster C, Auditor General's investigative reports, and a consolidated 2018 year-end follow-up report will be provided at the first Audit Committee meeting in 2019.

We conducted this performance 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

As of January 19, 2018, 95 per cent of the total 470 recommendations issued by the Auditor General to Cluster A City divisions and the City Manager's Office have been fully implemented. This excludes 67 recommendations that are no longer applicable.

Specifically, a total of 48 outstanding recommendations from City divisions in Cluster A and the City Manager's Office are outstanding in the 2018 follow-up process. Management reported their status as follows:

27 were fully implemented  
 20 were not fully implemented  
 1 was reported as no longer applicable

We reviewed the 27 recommendations reported by management as fully implemented and the one recommendation reported as no longer applicable.

Among the 27 recommendations reported by management as fully implemented, we determined that in four recommendations, the steps undertaken or the extent of the improvement did not fully address the issues or intent of the audit recommendations. We discussed our review results with management staff before finalizing our decisions, and management staff agreed and have explained the additional steps they will take to fully implement the recommendations in the future.

One recommendation was reported by management as fully implemented and was determined as no longer applicable. Another recommendation was initially reported by management as no longer applicable, but it was determined to be fully implemented upon completion of the follow-up review.

Table 1 outlines the 2018 follow-up review results of the 48 outstanding audit recommendations by individual division for reports issued to City divisions in Cluster A and the City Manager's Office, prior to December 31, 2016.

**Table 1: 2018 Follow-Up Review Results - Status of Outstanding Recommendations for Reports Issued to Cluster A and the City Manager's Office**

Divisions in Cluster A and the City Manager's Office	Number of Recommendations			
	Outstanding From Previous Follow-up Cycle	Results of 2018 Review		
		Fully Implemented	Not Fully Implemented	No Longer Applicable
City Manager's Office	27	13	13	1
Emergency Medical Services	3	-	3	-

Divisions in Cluster A and the	Number of Recommendations			
Employment & Social Services	2	2	-	-
Parks, Forestry & Recreation	3	-	3	-
Shelter, Support & Housing Administration	8	7	1	-
Social Development, Finance & Administration	5	-	5	-
Total	48	22	25	1

Implementation status needs to be considered in conjunction with when the report was issued as recommendations in recently issued audit reports may need further time for management to fully implement the recommended changes. Table 2 provides a breakdown of outstanding recommendations by the number of years since the report was issued.

**Table 2: Outstanding Recommendations by the Number of Years Since the Reports Have Been Issued to City Divisions in Cluster A and the City Manager's Office, as of January 19, 2018**

Divisions in Cluster A and the City Manager's Office	Outstanding Recommendations				
	Total Not Fully Implemented	Up to 2 years	2 to 5 years	More than 5 years	Attachment 2, Page reference
City Manager's Office	13		13		Pages 4-6 Pages 8-9
Emergency Medical Services	3		3		Pages 7-8
Parks, Forestry & Recreation	3			3	Pages 10-11
Shelter, Support & Housing Administration	1		1		Page 11
Social Development, Finance & Administration	5		5		Pages 12-15

Attachment 1 contains an alphabetical list by City division in Cluster A and the City Manager's Office detailing the 22 recommendations that have been fully implemented as determined by the 2018 follow-up review.

Attachment 2 contains an alphabetical list by City division in Cluster A and the City Manager's Office detailing the 25 recommendations that have not been fully implemented, along with management's planned actions and time frames.

Attachment 3 contains one recommendation that is no longer applicable, along with a management comment from City divisions in Cluster A and the City Manager's Office.

Confidential Attachment 1 contains two confidential recommendations that are fully implemented and one confidential recommendation that is not fully implemented, along with management comments.

Recommendations determined as fully implemented or no longer applicable will not be included in next year's follow-up review. All recommendations reported as not fully implemented will be included in future follow-up reviews until they have been implemented.

## **Outstanding Recommendations with Potential Cost Savings**

Of the 25 audit recommendations that are not fully implemented, no potential cost savings were quantifiable during the 2018 follow-up process. Most of the outstanding recommendations relate to improving performance measures, enhancing information system capacities, and developing long-term strategies or master plans.

## **Noteworthy Long-Term Outstanding Recommendations**

### **Parks, Forestry and Recreation—Capital Program—The Backlog in Needed Repairs Continues to Grow, January 2009**

The 2009 audit undertook an in-depth review of the Division's capital program and provided 12 recommendations to improve management of aging infrastructure. This report is available at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.AU11.6>

Over the years, management has fully implemented nine recommendations, and three recommendations continue to be outstanding as reported by management. Two of the outstanding recommendations relate to developing a comprehensive Master Service and Infrastructure Plan to coordinate the Division's strategies and initiatives. The Parks and Recreation Facilities Master Plan was developed in 2017, and an implementation strategy is to be adopted.

Another outstanding recommendation relates to the development of a work order system that can centrally track all costs by facility. Management indicated that a multi-divisional program initiative is underway to address this recommendation.

Management's plans of action and expected implementation time for these recommendations are included in Attachment 2.

## **CONCLUSION**

Among the 48 recommendations included in the 2018 follow-up review, we verified that 22 recommendations (46 per cent) have been fully implemented, 25 recommendations (52 per cent) were either reported by management or determined by our review as being not fully implemented, and one recommendation (2 per cent) is no longer applicable.

The results of this review indicate management continues to make progress in implementing audit recommendations. The outstanding audit recommendations will be included in the next year's follow-up review.

## **CONTACT**

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## **SIGNATURE**

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Beverly Romeo-Beehler  
Auditor General

## **ATTACHMENTS**

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Confidential Attachment 1: Auditor General's 2018 Status Report on Outstanding Audit Recommendations – City Divisions in Cluster A and the City Manager's Office (includes Confidential Audit Recommendations - Fully Implemented and Not Fully Implemented)

Attachment 1: City Divisions in Cluster A and the City Manager's Office – Public Recommendations – Fully Implemented

Attachment 2: City Divisions in Cluster A and the City Manager's Office – Public Recommendations – Not Fully Implemented

Attachment 3: City Divisions in Cluster A and the City Manager's Office – Public Recommendations – No Longer Applicable



