

## **Auditor General's 2019 Status Report on Outstanding Audit Recommendations for Divisions in Community and Social Services and the City Manager's Office**

**Date:** April 12, 2019  
**To:** Audit Committee  
**From:** Auditor General  
**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

---

The attachment to this report involves the security of property belonging to the City of Toronto.

### **SUMMARY**

---

The Auditor General's Office conducts an annual follow-up review to determine the implementation status of recommendations in previously issued audit reports. The results of the review are reported to City Council through the Audit Committee.

This report provides information regarding the implementation status of audit recommendations issued to City divisions in Community and Social Services and the City Manager's Office. In response to a motion adopted by the Audit Committee at its July 4, 2016 meeting, we also include information on the potential cost savings from the outstanding audit recommendations.

Our 2019 follow-up review included 38 outstanding recommendations in audit reports for the following six City divisions:

- City Manager's Office
- Parks, Forestry and Recreation
- People, Equity and Human Rights
- Shelter, Support and Housing Administration
- Social Development, Finance and Administration
- Toronto Paramedic Services

As of December 31, 2017, there were 12 audit reports to divisions in Community and Social Services and the City Manager's Office with 38 outstanding recommendations. Among the 38 recommendations, our review verified that nine recommendations (24 per cent) have been fully implemented, 28 recommendations (74 per cent) have been partially implemented and one recommendation (2 per cent) is no longer applicable.

Continued efforts to implement outstanding recommendations will provide additional benefits to the City such as cost savings, improved controls, and enhanced service delivery.

We express our appreciation for the co-operation and assistance we received from management and staff during this year's follow-up review process.

## **RECOMMENDATIONS**

---

The Auditor General recommends that:

1. City Council receive this report for information.
2. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety.

## **FINANCIAL IMPACT**

---

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

## **DECISION HISTORY**

---

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 Auditor General indicated that her Office will incorporate the requested savings information in her 2017 annual follow-up reports to the Audit Committee. The report is available at:

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

## COMMENTS

---

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

In accordance with the Auditor General's 2019 Work Plan, we have completed a review of the implementation status of audit recommendations issued to City divisions in Community and Social Services and the City Manager's Office.

Recommendation follow-up results for Infrastructure and Development Services and City Agencies and Corporations will be reported to the June 2019 Audit Committee Meeting.

Recommendation follow-up results for Corporate Services and the Chief Financial Officer and Treasurer, the Auditor General's investigative reports, and a consolidated 2019 year-end follow-up report will be reported to the October 2019 Audit Committee meeting.

**Figure 1: The Key Steps in the Recommendation Follow-Up Process**

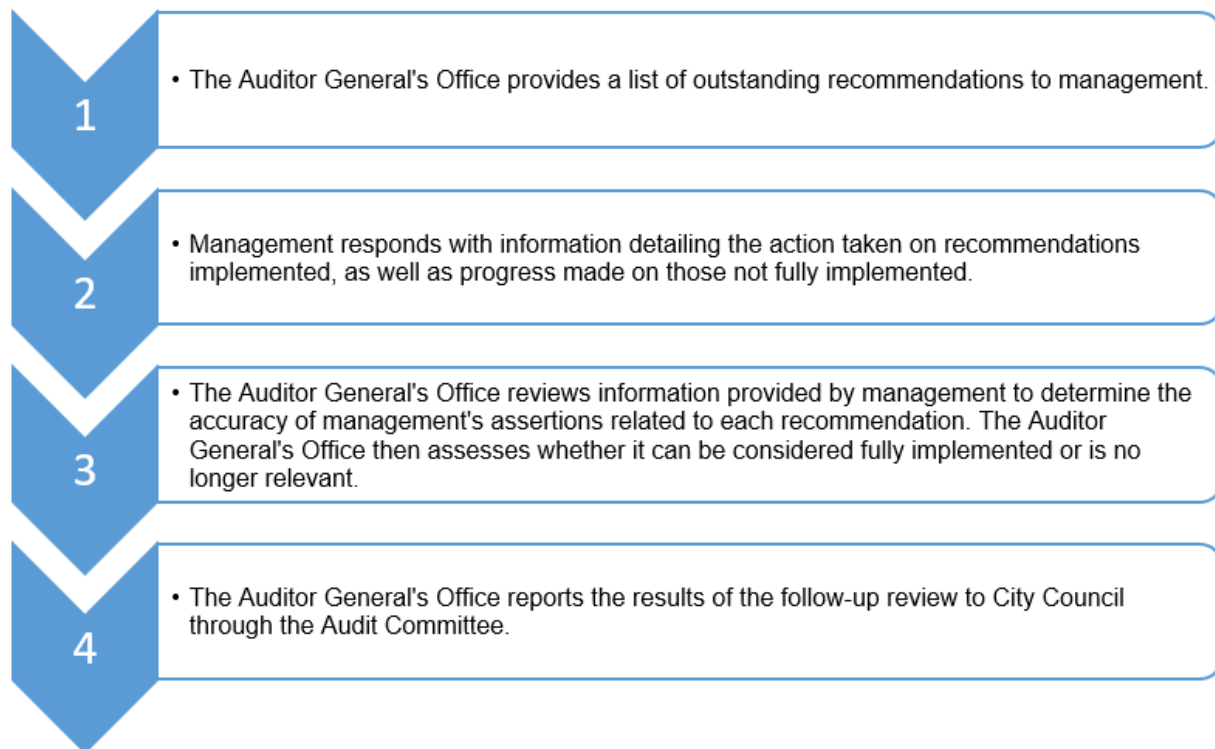


Table 1 shows the implementation status of outstanding recommendations for City divisions in Community and Social Services and the City Manager's Office. The percentage of implementation status by City division is illustrated in Figure 2.

**Table 1: Status of Outstanding Recommendations Assessed During 2019 Review**

Divisions in Community and Social Services and City Manager's Office	Outstanding Recommendations	Results of 2019 Follow-up Review		
		Fully Implemented	Not Fully Implemented	Not Applicable
City Manager's Office	3	0	3	0
Parks, Forestry and Recreation	3	1	2	0
People, Equity and Human Rights	23	8	14	1
Shelter, Support and Housing Administration	1	0	1	0
Social Development, Finance and Administration	5	0	5	0
Toronto Paramedic Services	3	0	3	0
<b>Total</b>	<b>38</b>	<b>9 (24 %)</b>	<b>28 (74%)</b>	<b>1 (2%)</b>

Figure 2: Progress of Recommendation Implementation by Division, 2019 Follow-up Results



From inception (January 1999) to December 31, 2017, the Auditor General issued a total of 258 recommendations to Community and Social Services and 250 recommendations to the City Manager's Office. The overall recommendation implementation rate is 96 per cent for Community and Social Services and 93 per cent for the City Manager's Office.

## **Noteworthy 2019 Follow-up Review Results**

### **Improving the Administration of City Training Programs, May 2015**

#### **Maximizing Value from a Learning Management System, October 2015**

In 2015, the Auditor General issued two audit reports on City training. The review made a total of 24 recommendations to improve controls over the planning, development and implementation of the City's Enterprise eLearning Initiative (ELI). The reports are available at:

<https://www.toronto.ca/legdocs/mmis/2015/au/bgrd/backgroundfile-79977.pdf>

<https://www.toronto.ca/legdocs/mmis/2015/au/bgrd/backgroundfile-84579.pdf>

The Division continues to make progress in the implementation of audit recommendations. During the current follow-up review, management implemented recommendations to:

- Evaluate courses with low attendance and consider alternative methods of delivery and
- Develop performance indicators to measure training efficiency and effectiveness

According to management staff, an estimated \$60,000 has been achieved through cancellations of courses with low attendance and more effective course evaluation method.

## **Outstanding Recommendations**

### **Strengthening Enforcement of the Fair Wage Policy, October 2016**

In 2016, the Auditor General issued a report on whether investigations conducted by the City's Fair Wage Office ("Office") ensured contractor compliance with the City's Fair Wage Policy (Chapter 67 of the Toronto Municipal Code). The audit report contained 13 recommendations to ensure:

- Accuracy of back-wages owing to contracted employees,
- Documentation of the analysis of vendor violations, and
- Current investigative approach includes, where feasible, investigations of subcontractors and a sufficient number of random reviews.

The Office investigates complaints and takes enforcement action to determine whether a contractor failed to pay its workers the prescribed hourly wage rates, vacation, holiday pay, and applicable amounts for fringe benefits in accordance with the respective fair wage schedule. The report is available at:

<https://www.toronto.ca/legdocs/mmis/2016/au/bgrd/backgroundfile-97448.pdf>

This is our first follow-up review of the recommendations made in this audit. The Office implemented four out of the 13 recommendations. Since the release of the audit report, the Office has undergone several management changes, and under a new leadership, efforts are underway to implement the outstanding recommendations. Management's action plan and expected implementation time are included in Attachment 2.

### **Municipal Grants – Improving the Community Partnership and Investment Program, January 2013**

The 2013 audit report contains eight recommendations to improve and strengthen the administration of the City's Community Partnership and Investment Program for issuing and monitoring municipal grants. The report is available at:

<https://www.toronto.ca/legdocs/mmis/2013/au/bgrd/backgroundfile-55745.pdf>

During the current follow-up review, management advised that all five outstanding recommendations have been implemented. However, based on our review we determined that these recommendations have not been fully implemented.

Since the audit report was issued, the administration and monitoring of the municipal grants was decentralized with each division responsible for their own program. To assess the status of each outstanding recommendation, we had to conduct work in multiple divisions. Our review found that not every division implemented the following recommended changes:

- Ensure City staff overseeing grant programs document explanations for unusual financial information
- Ensure checklists for supervisory reviews of Community Partnership and Investment Program grant allocations are developed, and that supervisory reviews are performed in a timely manner
- Ensure all grant assessment forms are relevant, practical and clear
- Train grants staff on the use of updated assessment forms
- Ensure that standard documents developed for the application or assessment of specific grant programs be carefully completed, all outstanding issues are addressed, and files contain explanations for exceptions to established guidelines.

As a result, we conclude that the recommendations have not been fully implemented. Management agreed with our assessment and will undertake additional actions to fully implement the five outstanding recommendations.

## **CONCLUSION**

The 2019 follow-up review included 38 outstanding recommendations from the 12 audit reports. We verified that nine recommendations have been fully implemented, 28 remain not implemented or partially implemented and one recommendation is no longer applicable.

Management continues to make progress in implementing audit recommendations. The outstanding recommendations will be included in the next year's follow-up review.

## **CONTACT**

---

Jane Ying, Assistant Auditor General, Auditor General's Office  
Tel: (416) 392-8480, Fax: (416) 392-3754, E-Mail: Jane.Ying@toronto.ca

Angela Rafalovich, Audit Manager, Auditor General's Office  
Tel: (416) 397-4622, Fax: (416) 392-3754, E-Mail: Angela.Rafalovich@toronto.ca

## **SIGNATURE**

---

Beverly Romeo-Beehler  
Auditor General

## **ATTACHMENTS**

---

Attachment 1: Auditor General's 2019 Status Report on Outstanding Audit Recommendations - City Divisions in Community and Social Services (includes Fully Implemented and Not Fully Implemented)

Attachment 2: Auditor General's 2019 Status Report on Outstanding Audit Recommendations - City Division in City Manager's Office (includes Fully Implemented, Not Fully Implemented and No Longer Applicable)

Confidential Attachment 1: Auditor General's 2019 Status Report on Outstanding Audit Recommendations - City Divisions in City Manager's Office