2019 Annual Report
Demonstrating the Value of the Auditor General’s Office

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Presentation Overview

1. 2019 Highlights

2. Outcomes:
   • Non-quantifiable benefits and impacts
   • Management taking action
   • Return on investment & savings
2019 Highlights

14 Audits, Investigations, Reviews plus Other Reports
211 Recommendations
$11.5 Return on Investment (2015-2019)
2019 Highlights

Video Link: https://youtu.be/607oQKJMpIM
Types of Benefits and Impacts

Non-Quantifiable
- More effective operations
- Better customer service
- Improved internal controls & security
- Better governance

Quantifiable
- Operating cost reductions
- Cost avoidance
- New/increased revenue streams
- Better manage public funds
2019 Report Highlights:
Action Taken Since Our Audits

TTC has taken immediate action and provided an action plan to its Board

Action taken since our audit:

Since our audit was published, the TTC has reported that, amongst other initiatives, it has:

• Addressed issues with crash gates being open during staff breaks
• Stopped their planned distribution of promotional child PRESTO cards
• Strategically deployed enforcement resources based on data analytics, which led to a 39 per cent increase in fare evasion fines issued compared to charges during the same time last year
• Conducted a review of all subway station entrances to determine which are high risk for illegal entry
• Implemented a wide-ranging public awareness campaign on fare evasion called "Smile! You're on fare evader camera", using stills and video clips from our audit. One example can be found at: https://www.youtube.com/watch?v=IP1pFfbQP8.

A Management has reported:

• Working with providers to fill vacancies more expediently by reducing the number of offers it takes a housing provider to fill a vacancy
• Working with TCHC to ensure that rentable vacant units are promptly posted to the centralized waiting list
• Working towards ensuring applicants that qualify as a priority group are granted the appropriate priority status

Contract crew Global

A number of steps being taken:

• Investigating a large sample of contractors’ work records to compare against GPS report records
• Performing management reviews on samples of all quality assurance work completed by forepersons
• Performing unannounced site inspections
• Standardizing the sampling and inspection requirements of crews’ performance inspections to detect anomalies
• Implementing live GPS access to certain vendors that allows for real-time tracking and greater oversight of contract crews and their locations
• Initiating GPS installation in City vehicles to allow for better oversight of internal crews
Prioritizing Affordable Housing and Access to RGI Assistance

• **Moving Forward Together:**
  Opportunities to Address Broader City Priorities in TCHC Revitalizations

• **Opening Doors to Stable Housing:**
  An Effective Waiting List and Reduced Vacancy Rates Will Help More People Access Housing

• **Safeguarding Rent-Geared-to-Income Assistance:**
  Ensuring Only Eligible People Benefit

Common theme: Working as one to achieve City-wide objectives and outcomes

Common theme: Modernizing processes, integrating technology, and leveraging data
Authority and Oversight of Corporate Services

Fleet Services

- Lengthy Downtime Requires Immediate Attention
- Stronger Corporate Oversight Needed for Underutilized Vehicles
- Stronger Asset Management Needed

Information & Technology

- Establishment of City Wide Cyber Security Breach Incident Management Procedures Required (Supplementary Report)
- Cyber Safety: A Robust Cybersecurity Program Needed to Mitigate Current and Emerging Threats

Common theme: Centralizing oversight for common functions
Improving Monitoring and Management of Contracts

• Review of Urban Forestry: Ensuring Value for Money for Tree Maintenance Services

• Engineering and Construction Services Phase Two: Construction Contract Change Management Controls Should Be Strengthened

• Review of Toronto Transit Commission's Revenue Operations: Phase Two - PRESTO/TTC Fare Equipment and PRESTO Revenue

Common theme: Strengthening oversight and accountability for contract outcomes
Management is Taking Action

**Safeguarding RGI Assistance**

*Action taken since our audit:*
For example, one housing provider has reported that preliminary investigative action has resulted in multiple ineligible households vacating RGI units.

**Moving Forward Together**

*Action taken since our audit:*
For example, the revitalization plan for TCHC's Don Summerville Apartments will add 100 new affordable rental apartments in addition to replacing social housing units and building new market rental apartments and condos.

**Cyber Safety**

*Action taken since our audit:*
For example, implemented enhanced password rules for City staff and established a Chief Information Security Officer position to establish a business-aligned cyber strategy, advise on and manage cyber risks, and mature the existing cyber posture.
Improving Controls and Achieving Savings

TTC Revenue Operations:

- Phase One – Fare Evasion and Fare Inspection
- Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue

The 2020 budget is constructed on a 1% revenue ridership increase driven primarily by local employment and economic growth, contributing 5.5 million rides and recovery of a further 4.2 million rides from revenue protection initiatives. The TTC’s $10.2 million revenue impact represents almost 17% of the Auditor General’s $60 million estimated evasion related revenue losses. While we cannot predict the final year-end recovery, the estimated 2020 outcome is predicated on targeting multiple opportunities and pain points (see below) and will pay dividends now and beyond 2020.

Revenue Protection Initiatives

The TTC’s evasion strategy incorporates the results of the Auditor General’s Feb. 2019 Report into its Fare Evasion and Fare Inspection. The TTC, as with other large transit agencies, is increasingly focused on managing a more open system e.g. all-door boarding, proof of payment requirements. The TTC is increasing
Realized Savings: Underlying Principles

- Operating cost reductions
- Better managed public funds, eliminated efficiencies
- Cost avoidance
- New revenue streams
- Increased revenues

CONSERVATIVE SAVINGS ESTIMATES

5-year period
Realized savings
- Discussed/confirmed with management
- Net of implementation costs
Return on Investment
Based on Costs & Savings for 2015-2019

Office Costs
$27.6M

Total Savings
$318.8M

$1
$11.5
## Savings Achieved in 2019

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Total (in $000s)</th>
<th>Annual Report Pg #</th>
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<tbody>
<tr>
<td>1. Community Benefits Secured Under Section 37 or 45 of the Planning Act – March 2011</td>
<td>25,795</td>
<td>23</td>
</tr>
<tr>
<td>2. Improvement Needed in Managing the City’s Wireless Telecommunication Contracts – June 2018</td>
<td>3,764</td>
<td>24</td>
</tr>
<tr>
<td>5. SAP Financial and Human Resources/Payroll Information Systems – Post Implementation Review – April 2003</td>
<td>770</td>
<td>27</td>
</tr>
<tr>
<td>6. Review of Wheel-Trans Services – Sustaining Level and Quality of Service Require Changes to the Program – December 2012</td>
<td>185</td>
<td>28</td>
</tr>
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<td>2019 Cost Recovery and Loss Prevention</td>
<td>314</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total One-time and Recurring Savings</strong></td>
<td><strong>$32,638</strong></td>
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In 2019, we identified one-time and five-year projected savings of approximately $32.6 million.
What’s Not Included in Realized Savings

1. 2020 budgeted revenue increases and costs savings included, but not yet verified

2. Management action on recommendations is underway, but savings or avoided costs not yet quantified

3. Increased revenues or cost savings identified by Auditor General’s Office, but not yet verified with management
Recap – Our Impact


2. We are delivering value

3. Management is moving forward to address recommendations