

PAST AUDITOR GENERAL REPORTS WHERE ACTIONS ARE NEEDED TO FULLY REALIZE FINANCIAL BENEFITS

This Attachment is by no means an exhaustive list of all Auditor General recommendations that can achieve financial benefits; but is intended to provide an indication of audits where the extent of financial benefits could be greater.

Audit Report	Potential Financial Benefit	Actions Needed to Fully Realize Financial Benefits
Children’s Services		
Children’s Services Division: Opportunities to Achieve Greater Value for Child Care From Public Funds, April 2018	Savings / Cost Avoidance	<p>Management continues its efforts to address audit recommendations.</p> <p>In consideration of the audit recommendations and in alignment with the review of City-run child care centres by the City Manager's Office, Children's Services continues to evaluate and implement opportunities to achieve optimal value for public funds while maintaining required staffing, program quality and optimal outcomes for children, families and communities.</p> <p>There are still opportunities, as identified in the audit, where the City can achieve more savings / efficiencies / cost avoidance / better use of existing funds to serve more families. These include:</p> <ul style="list-style-type: none"> • expanding the maximum number of spaces that can be purchased from contracted non-profit licensed child care centres • minimizing the vacancy rate in the City-run child care centres • exploring ways to access existing spaces in the non-profit licensed child care centres which do not currently have a service agreement with the Division
Pension, Payroll & Employee Benefits		
Management of the City’s Employee Extended Health and Dental Benefits (multiple reports issued in 2016 and 2017)	Savings / Cost Avoidance	Management has worked towards addressing recommendations in the areas of extended health benefits and the City has already realized savings from implementing recommendations from the related reports. The following areas have potential to achieve more cost savings / cost avoidance:

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<p>Continuous Controls Monitoring Program: Opportunities to Reduce Cost of Dental Benefits, October 2020</p>		<ul style="list-style-type: none"> • Considering co-insurance (which is used in other levels of government) for dental, drug, and health benefits; the audit estimated potential savings ranging from \$27.5 million - \$80.5 million over 5 years • Ensuring the City only pays for life sustaining over-the-counter drug and minimize associated dispensing fees • Reviewing industry standards to assess where the City's drug benefit plan could be more cost effective <p>Refer to page 14-16 in the report entitled: Auditor General's Status Report on Outstanding Recommendations for more details on management's progress to date.</p>
<p>Shelter, Support & Housing Administration</p>		
<p>Opening Doors to Stable Housing: An Effective Waiting List and Reduced Vacancy Rates Will Help More People Access Housing, June 2019</p>	<p>Cost avoidance / Efficiencies</p>	<p>In addressing the audit recommendations, SSHA reported housing over 400 people living in the shelter system into permanent RGI housing, along with the required supports. Management also used vacant TCHC units that are waiting to be demolished as part of a revitalization project to meet the demand for temporary emergency shelter. This resulted in temporarily making 70 vacant revitalization units available for 160 people experiencing homelessness.</p> <p>While management has made progress, there are opportunities to transition more residents from shelters to stable housing units and vacant TCHC units. This can help the City avoid more shelter capital and operating costs. There are still potential gains from more efficiently and effectively filling vacancies through the RGI Waitlist (where improved data could contribute to reducing the time and effort needed to fill a vacant unit).</p> <p>Refer to page 12-13 in the report entitled: Auditor General's Status Report on Outstanding Recommendations for more details on management's progress to date.</p>

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Safeguarding Rent-Geared-to-Income Assistance: Ensuring Only Eligible People Benefit, October 2019	Potential recoveries	<p>The audit highlighted that all rent-geared-to-income households having potential eligibility issues identified by during the audit, be appropriately reviewed for opportunities to recover funds and reallocate them as subsidies to other eligible households.</p> <p>To date, investigative efforts have resulted in the identification of multiple ineligible households that have vacated RGI units and over \$300,000 in Ontario Works assistance overpayments, some of which have been referred to law enforcement for further investigation. Management’s continued efforts in this area could identify more instances of ineligibility.</p> <p>Refer to page 13 in the report entitled: Auditor General’s Status Report on Outstanding Recommendations for more details on management’s progress to date.</p>
City-wide Impacts		
Human Services Integration (multiple audits since 2012)	Savings / Efficiencies	<p>Multiple audits since 2012 highlighted overlaps within City business units that verify eligibility for income-based benefit and subsidy programs. The first phase of the Human Services Integration office was launched in December 2019 with a new Client Relationship Management system. Once fully implemented these new systems will enhance access to services by transforming the customer experience into more efficient ways of doing business. Management reported that net annual service efficiencies of \$2.39 million are anticipated in 2022.</p> <p>Further integrating the following areas can create efficiencies, optimize resources, improve information-sharing and ensure cost effectiveness:</p> <ul style="list-style-type: none"> • central collection of client documents for income verification and eligibility assessment • common income-based program fraud investigation function • centralized overpayment recovery

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<p>Review of the Management of the City's Divisional Accounts Receivable, April 2012</p> <p>Toronto Court Services: Collection of Provincial Offence Default Fines, April 2018</p>	<p>Savings / Efficiencies / Improved collections</p>	<p>Multiple audits since 2012 highlighted the benefits in the City consolidating, centralizing management of receivables and transforming the collection of overdue accounts. City-wide leadership and centralized oversight will assist the City in managing receivables and collecting its debts in a cost-effective manner.</p>
<p>Audit of Interface Invoice Payments: Improving Contract Management and Payment Processes, June 2019</p>	<p>Savings / Cost Avoidance / Recoveries</p>	<p>Multiple audit recommendations to achieve savings and efficiencies where the City could improve its contract management, strategic procurement and payment processes related to interface billing. These include:</p> <ul style="list-style-type: none"> • taking advantage of all available discounts – the audit reported that the City lost over \$300,000 in early payment discounts and volume rebates for selected vendors during 2015 to 2018 • aligning the goods included in the Request for Quotation (RFQ) process to the goods actually being consumed • centralizing contract monitoring • using a combination of data analytics and risk based sampling of invoices to validate expenditures
<p>Purchasing & Materials Management</p>		
<p>City Stores: Maximize Operating Capacity to Be More Efficient, August 2012</p>	<p>Cost savings</p>	<p>The audit recommended that the City examine opportunities to further rationalize operations in both City and divisional stores in order to achieve corporate operating efficiencies. Since the audit, all corporate stores have been consolidated into the Islington location. Management continues to make progress in this area and is in the process of working with Fire Services, Paramedic Services and Toronto Water.</p>

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Technology Services / Office of the CISO		
IT Infrastructure and IT Asset Management Review, January 2018 (multiple reports)	Savings / Cost Avoidance	The audits highlighted opportunities for harmonizing lifecycle management and standardizing technologies in IT infrastructure to achieve operational efficiencies, reduce costs, and source assets strategically.
Parks, Forestry & Recreation		
<p>Review of Urban Forestry – Permit Issuance and Tree By-law Enforcement Require Significant Improvement, June 2018</p> <p>Review of Urban Forestry: Ensuring Value for Money for Tree Maintenance Services, April 2019</p> <p>A Follow-Up to the 2019 Tree Maintenance Services Audit, February 2021</p>	Improved service levels / savings / cost avoidance / potential recoveries	<p>The audit recommended developing a process to identify and follow-up on old deposits. When the report was issued, there was a balance of \$29.3 million in refundable Tree Planting Security and Tree Protection Guarantee deposits collected between 1994 and 2017. Management indicate that they continue to investigate sites with unclaimed deposits. Management advised that work to date has resulted in the following:</p> <ul style="list-style-type: none"> • \$589,000+ being refunded to applicants, • \$319,000+ deposited into the City's Tree Canopy Reserve Fund, and over \$81,000+ identified as unclaimed to be transferred to the City's revenues (pending the finalization of a corporate-wide policy). <p>The audits and follow-up also highlighted the need to strengthen monitoring and contract management practices over tree maintenance, and to ensure payment for services were consistent with the express terms of the contract. Fully implementing these recommendations may lead to improved service levels outputs and outcomes without increasing costs to deliver those levels.</p>
Fleet Services		
Fleet Services Phase 1: Lengthy Downtime Requires Immediate Attention, April 2019	Cost savings / avoidance	The audits highlighted the following opportunities to achieve savings and avoid future costs:

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<p>Fleet Services Phase 1: Stronger Corporate Oversight Needed for Underutilized Vehicles, April 2019</p> <p>Fleet Services Operational Review Phase 2: Stronger Asset Management Needed, October 2019</p>		<ul style="list-style-type: none"> • City-wide perspective - when asset management decisions are made by user groups without the benefit of a City-wide perspective, it may result in higher overall costs to the City • addressing underutilized vehicles - vehicles that are underutilized create a cost burden and take up maintenance resources that could be better used on other vehicles (the audit noted 18 per cent of the fleet’s light duty vehicles were underutilized; City paid \$10 million to purchase these vehicles) • strengthening warranty administration to maximize savings
Corporate Real Estate Management		
<p>Enhance Focus on Lease Administration of City-owned Properties, June 2018</p>	<p>In-year revenue / improved collections / increased revenues</p>	<p>Management has made progress in implementing some of the recommendations but there are opportunities to achieve more financial benefits through the following:</p> <ul style="list-style-type: none"> • processes to timely bill and collect rents and operating costs from all tenants occupying City-owned properties • processes to ensure all market rent reviews / escalations happen in a timely manner • renew expired lease agreements (in overhold) where tenants are still occupying the space • review any potentially vacant but leasable sites • consider including an administrative fee in lease agreements to help recover the cost of lease administration

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Real Estate Services Division – Restore Focus on Union Station Leasing, June 2017	Recoveries of Station costs	<p>The audit recommended that management ensure all rents and operating costs were accurately recorded, billed, and collected from occupants at Union Station in a timely manner. While management has made efforts to collect past due amounts, there are opportunities for additional recoveries when the division fully addresses the recommendations towards:</p> <ul style="list-style-type: none"> • ensuring accurate measurements are used • developing of a cost allocation model
Solid Waste Management Services		
Review of the Green Lane Landfill Operations – Management of Contracts Needs Improvement, June 2018	Cost savings / recoveries	<p>Although management has already achieved savings by implementing certain audit recommendations, there are still potential savings opportunities in the following areas:</p> <ul style="list-style-type: none"> • savings from allowing contractors to purchase fuel from the City • reviewing past change orders to identify any instances where overpayments were made
City Planning / Toronto Building		
Toronto Building Division - Building Permit Fees, Improving Controls and Reporting, January 2012	Cost savings	<p>Recommendations made to outstanding recommendations relate to permit fee rate determination, Service Level Agreements with key divisions and building permit fee reporting requirements. Implementation of the remaining recommendations may result in additional cost savings and improved management controls. We will reassess potential savings as part of the Operational Review of Toronto Building (included in our 2021 Annual Work Plan).</p>