

**Presentation to the Audit Committee
February 18, 2022
Agenda Item AU11.1**

**AUDITOR
GENERAL**

TORONTO

Auditor General's 2021 Annual Report

Demonstrating the Value of the Auditor General's Office

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Auditor General



Presentation Overview

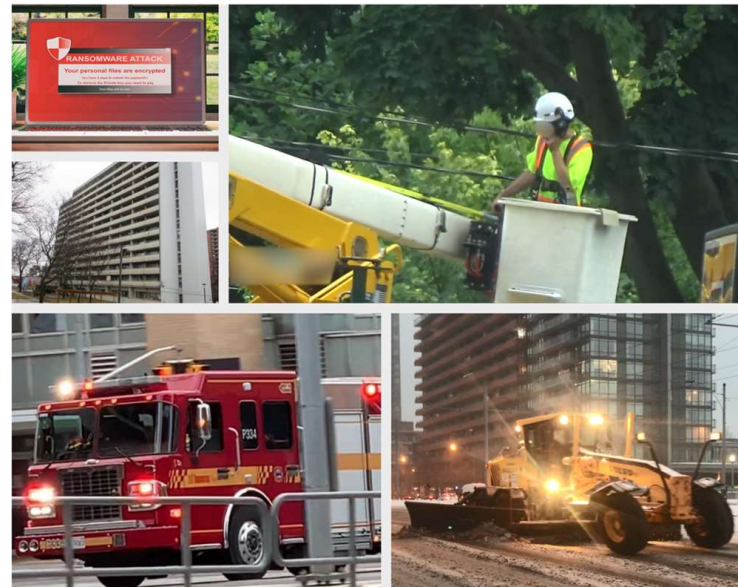
A. 2021 Highlights

B. Key Performance Indicators:

1. Adding Value
2. Being Fair and Balanced
3. Showing Leadership

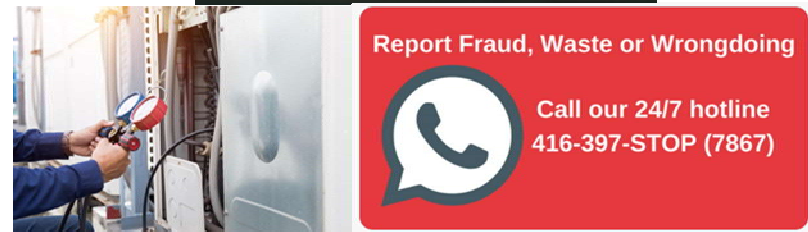
C. Final Remarks

AUDITOR GENERAL --- TORONTO



2021 Highlights

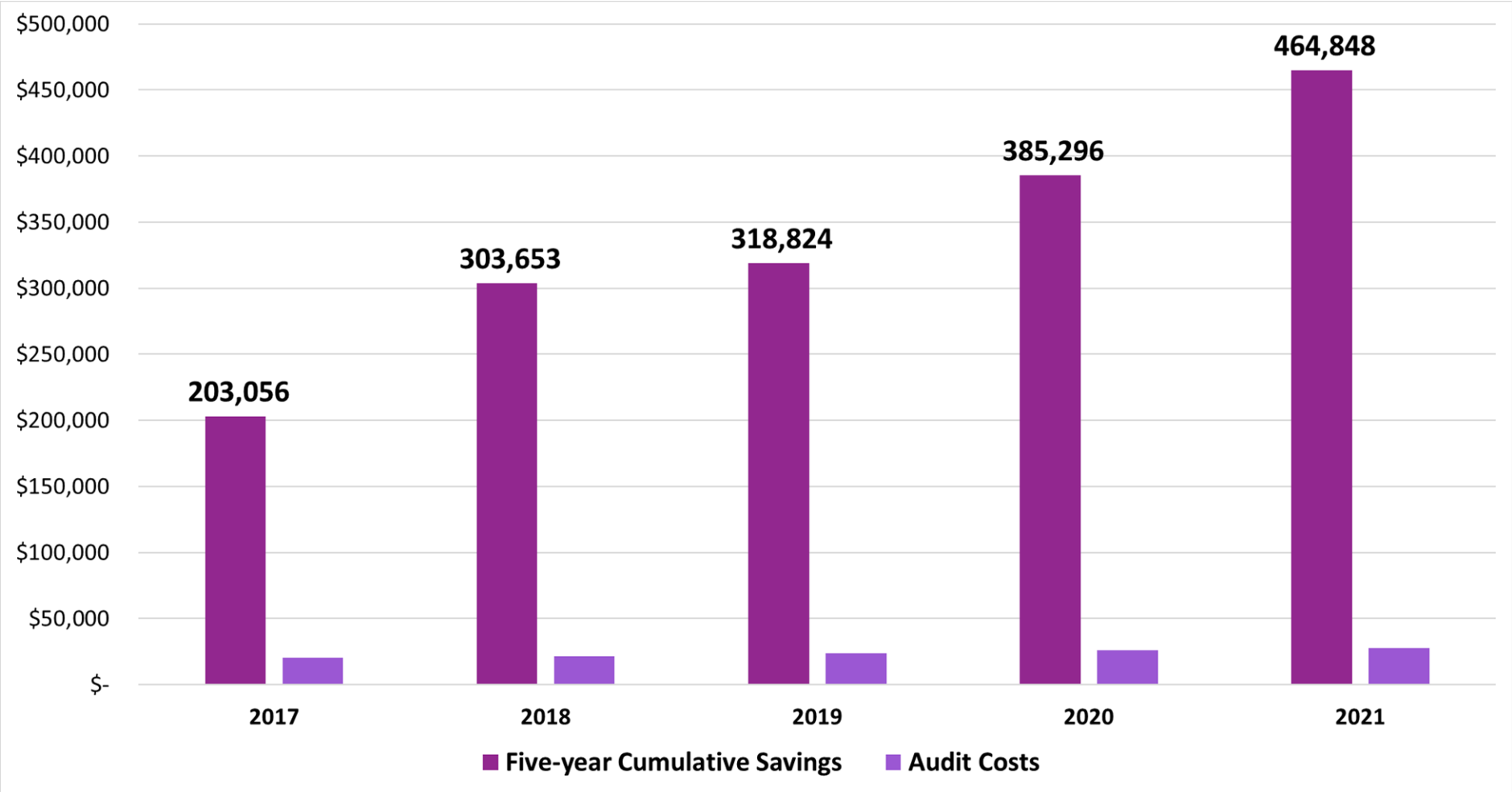
- **14 Audits, Investigative, Cybersecurity and IT reports**
- **79 recommendations**
- **\$14.90 for every dollar invested**



- **Cybersecurity**
- **Contract management & monitoring**
- **Investigations of fraud and other wrongdoing**

1. Adding Value

Cumulative 5-Year & One-time Realized Savings and Revenues vs. Audit Costs (\$000s)



Return on Investment Based on Costs & Savings for 2017-2021



Office Costs
\$31.2M



Total Savings
\$464.8M

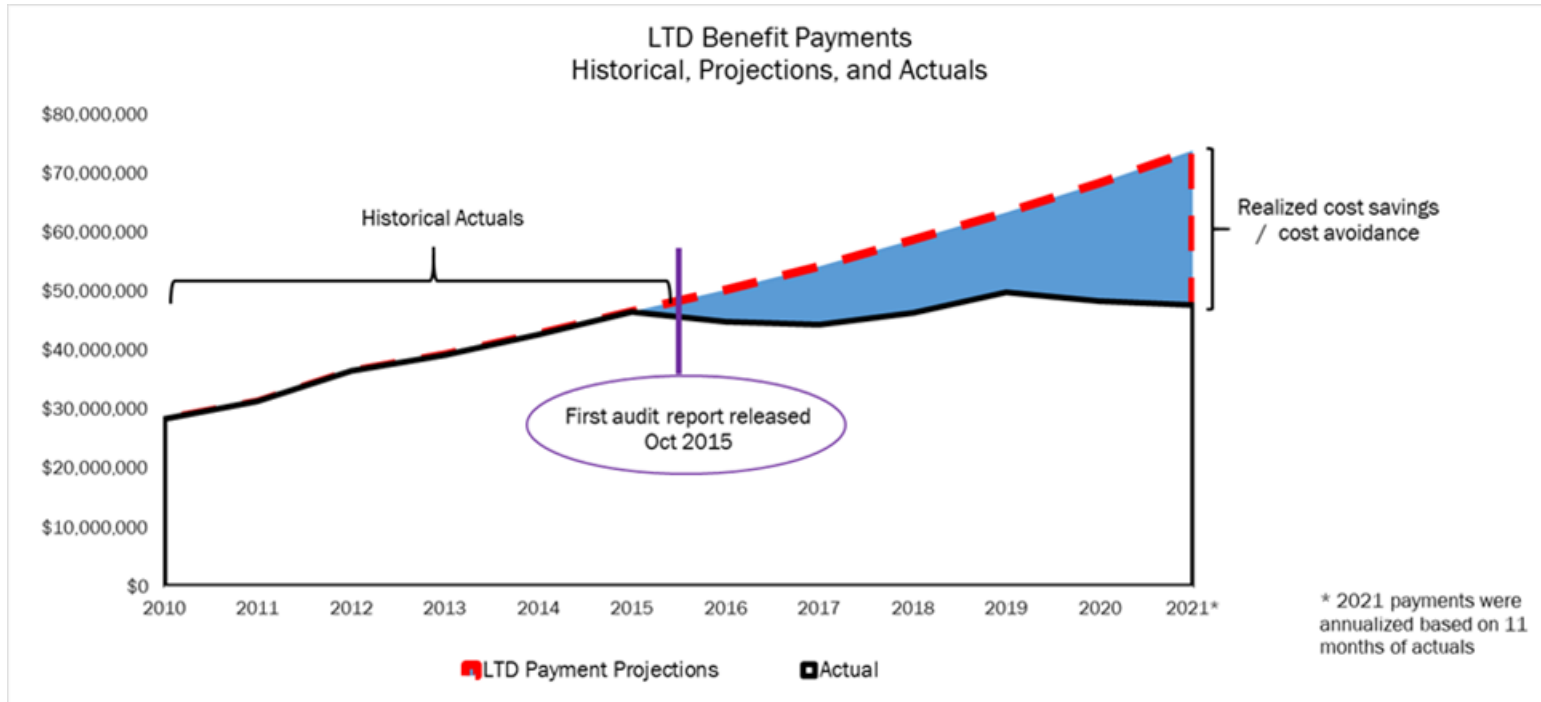


\$1.00



\$14.90

Example of Financial Impact of Our Work



Savings from improved management of the City's long-term disability benefits

- Changes to LTD payments
- More robust oversight
- Improved education, engagement, and standardization to accommodate employees returning to work earlier / reducing the number of employees on LTD

Savings Reflected in Reduced Budgets

“...use the audit information from the AG as a way to knit that into the transformation work ... a much more focused approach on continuous improvement ...”

Josie La Vita, Interim Chief Financial Officer,
Toronto Transit Commission

2022 Operating Budget & 2022 - 2031 Capital Budget & Plan							Toronto Transit Commission			
Appendix 2										
2022 Balancing Actions										
(S000s)										
Recommendation	Savings Type	Equity Impact	2022				2023 (Incremental)			
			Revenue	Gross	Net	Positions	Revenue	Gross	Net	Positions
Base Expenditure Reductions	Line By Line									
Diesel Consumption & Hedging				(6,769.7)	(6,769.7)					
Other Line-By-Line Savings				(4,199.0)	(4,199.0)					
Efficiency Measures	Efficiencies									
Overtime Reductions				(4,490.8)	(4,490.8)					
Overtime Reductions Pension Contribution Savings				(574.8)	(574.8)					
Improved Vehicle Maint. Work methods & Tool usage				(1,696.7)	(1,696.7)	(5)	(200.0)	(200.0)	(5)	
Streetcar - Interior Lighting Upgrade				(873.8)	(873.8)	(1)				
Facility Maintenance Contract Optimizations				(742.0)	(742.0)					
One Person Train Operation (Line 1)		Low - Positive		(2,642.4)	(2,642.4)	(66)	(12,000.0)	(12,000.0)		
ATC Efficiency				(116.9)	(116.9)					
McNicol Deadhead savings				(167.9)	(167.9)					
Articulated Buses Route 927				(84.1)	(84.1)	(4)				
Transformation Initiatives	Efficiencies									
Second Source Streetcar cleaning/servicing				(377.8)	(377.8)					
Materials Management: Storeperson Efficiency				(284.3)	(284.3)	(3)	(100.0)	(100.0)	(1)	
Wheel-Trans - Family of Services		High - Positive		(230.7)	(230.7)		(100.0)	(100.0)		
AG Recommendations	AG Recs									
Wheel-Trans: Reservationists				(1,740.2)	(1,740.2)	(21)	(200.0)	(200.0)		

Other Budget Related Impacts

Table 2: One-time and Recurring Savings (in \$000s) Realized in 2021, Auditor General's Office condensed

	One-Time / Retro	2022	2023	2024	2025	2026	Total	Annual Report Pg #	Budget Impact See Legend	
Savings Realized from Prior Year Reports										
1	Management of the City's Long-Term Disability Benefits, 2015-2016 (3 reports) (One-time recognition of 5 years' of savings, 2017-2021)	\$72,760	-	-	-	-	\$72,760	32	NP	
2	Review of Wheel-Trans Services: Sustaining Level and Quality of Service Requires Changes to the Program, 2012	\$400	\$1,700	\$2,100	\$2,100	\$2,100	\$2,100	\$10,500	35	2020 / 2021
3	Review of TTC Bus Maintenance and Shops Department, Phase One: Bus Maintenance and Warranty Administration, 2014	\$2,036	\$812	\$474	\$469	\$217	-	\$4,008	37	PY and AC
4	Continuous Controls Monitoring Program - Toronto Transit Commission, Employee Overtime and Absenteeism, 2015	-	\$2,150	\$2,150	\$2,150	\$2,150	\$2,150	\$10,750	39	2022
5	TTC: Managing Telecommunication Contracts and Payments, 2018	-	\$731	\$731	\$224	\$224	\$224	\$2,134	41	PY and AC
6	Children's Services Division: Opportunities to Achieve Greater Value for Child Care from Public Funds, 2018	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	-	\$22,000	43	2020 / 2021

Excerpted from pg. 30 of the 2021 Annual Report

Example of Non-quantifiable Benefits of Our Work

"Ransomware is a growing cyber threat which compromises the safety of our citizens, the security of the online environment, and the prosperity of our economies. It can be used with criminal intent, but is also a threat to national security. It can pose a significant threat to Governments, critical infrastructure and essential services on which all our citizens depend."

Five Country Ministerial Statement Regarding the Threat of Ransomware, April 2021 (Australia, New Zealand, Canada, United States, United Kingdom)



Toronto Police Service IT Infrastructure: Cyber Security Assessment Phase 1

“... some very good recommendations and they identified some issues that definitely need to be rectified and we’re going to move in that direction.”

James Ramer, Chief of Police,
Toronto Police Service



2. Being Fair and Balanced

2021 Reports - Management is Taking Action

Winter Road Maintenance Program



Toronto Water SCADA System Security

Cybersecurity



Tree Maintenance Services

Getting to the Root of the Issues: A Follow-Up to the 2019 Tree Maintenance Services Audit

“...provided a constructive opportunity for Parks, Forestry and Recreation to improve tree maintenance ... Because of their insight and support, the division has been able to provide continuous improvement, in order to ensure value for money and better serve the residents of Toronto.”



Janie Romoff, General Manager,
Parks, Forestry and Recreation

2021 Reports – Action Taken in 2021

Management taking action to increase productivity and value for money for tree maintenance services

Action taken since our follow-up:
 Since our follow-up review report was published, Parks, Forestry and Recreation (PFR) has reported that, amongst other initiatives, it has increased oversight of City and contractor tree maintenance crews including:

- Held meetings and issued a letter of expectation to each tree maintenance vendor to advise that vendors will be held accountable for compliance with all terms of the contract.
- Discreet physical observation of contractor crews by an external surveillance firm
- Eliminated the payment of breaks for the contractor crews in accordance with contract terms
- Doubled the number of GPS reviews as well as efficient use of time reviews for both City and contractor crews
- Improvements related to the issues of parked vehicles and hydro hold-offs
- Centralized the complaints process
- Implemented a second level of invoice verification
- Conducted monthly contract compliance meetings with contractors in relation to the new contracts

Management advised

tracking and to monitor notified in a timely

subscriptions prior in the right quantity

alize procedures to ated to licence

sportation Services Division

tracking and, where possible, shift commercial risk to the vendors.

anguage to better ensure it rvice areas

Further, the Chief Procurement Officer, in consultation with the Controller and the City Solicitor, will review situations in which contract disputes have been resolved in the past to determine the appropriate changes required to the Financial Control Bylaw or the Purchasing Bylaw to ensure proper controls are in place with respect to the approval and reporting of resolving contract disputes.

ing leveraging technology / to modify the contractual realize cost savings, and ; accountable to contract

developed operational key performance indicators as part of the next contract cycle (begins in fall 2022), and

- developed new operating procedures and training for staff, such as for breakdowns and the use of spare equipment.

3. Showing Leadership

Focusing on Needs

- Equitable access
- Eligibility criteria
- Wrap around supports

The People Behind the Numbers:
Promoting Equity by Auditing Affordable Housing

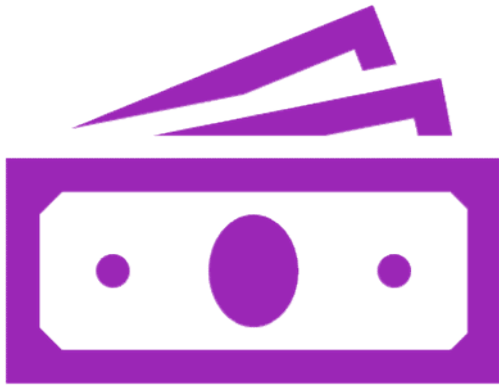
How we Demonstrate our Value

Audit Costs: \$80.3
Savings: \$485.3

Local Government Auditing Quarterly

The Journal of
Local Government Auditing
Fall 2021
Interactive Reporting

Audits in Motion: Using Videos to Tell Your Audit's Story
Laura Wright



City is achieving savings



Management is addressing recommendations



\$14.90 return on investment

**Adding Value • Being Fair and Balanced •
Showing Leadership**

