

Auditor General's 2023 Annual Report - Demonstrating the Value of the Auditor General's Office

Date: February 8, 2024

To: Audit Committee

From: Auditor General

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

Confidential Attachment 1 to this report contains information explicitly supplied in confidence to the Auditor General (through the City or one of its agencies or corporations) by another level of government or a Crown agency and financial information supplied in confidence to the Auditor General which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

This report provides information about the Auditor General's Office 2023 activities and the financial and non-financial benefits achieved by the City through its implementation of report recommendations.

In 2023, the Auditor General's Office presented eight audit, investigation, cybersecurity, and other reports. The findings and recommendations in these reports focused on:

- strengthening the safety of the City's IT systems and critical infrastructure against cyber attacks, including those of the Toronto Transit Commission (TTC)
- improving how the City procures and manages its Winter Maintenance contracts and holds contractors accountable to the contract terms
- improving the management of contracts and costs of modular housing built to address the housing needs of residents
- strengthening Toronto Building's inspection function which contributes to safe buildings

- minimizing asset failures and delays of TTC Streetcars through improving the TTC's Overhead Asset maintenance and repair program
- providing lessons learned for large Information Technology projects of the City, including the Enterprise Work Management Solution (EWMS)

Additionally, our Forensic Unit managed 1,054 complaints through our Fraud and Waste Hotline and conducted some complex investigations, including an investigation into allegations of wrongdoing regarding the building inspections of two houses.

Every year, we demonstrate the value our Office brings with a quantified return on investment. The City has achieved cumulative one-time and annually recurring savings projected over a five-year period totaling \$387 million (as reported in our 2019 to 2023 Annual Reports) by implementing our recommendations. The cumulative cost of operating the Auditor General's Office from 2019 to 2023 was approximately \$32 million. Based on these numbers, for every dollar invested in the Auditor General's Office there was a return of about \$12.

Equally important is the value that our reports bring through the non-quantifiable benefits, including enhanced cybersecurity and internal controls, robust data analytics, improved policies and procedures, more effective management and use of City resources, better customer service, and stronger security of City assets. Our reports also help to improve the efficiency and effectiveness of programs, systems and processes, the impacts of which are not always easily quantified in financial terms.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council direct that Confidential Attachment 1 to this report remain confidential in its entirety, as it contains information explicitly supplied in confidence to the Auditor General (through the City or one of its agencies or corporations) by another level of government or a Crown agency and financial information supplied in confidence to the Auditor General which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

FINANCIAL IMPACT

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

DECISION HISTORY

The Auditor General's legislated responsibilities, powers and duties are established in Section 178 of the *City of Toronto Act, 2006 (the Act)*. Under Section 178(1) of the *Act*, the Auditor General is responsible for assisting City Council in holding itself and City administrators accountable for the quality of stewardship over public funds and for achievement of value for money in City operations. The Auditor General conducts performance audits, investigations, cybersecurity assessments, and other work to fulfill this mandate.

The Toronto Municipal Code requires that the Auditor General report annually to City Council on the activities of the Office, including the savings achieved. Accordingly, the Auditor General has consistently provided annual reports on the benefits of the work completed by the Office.

COMMENTS

The Auditor General's report entitled "Auditor General's 2023 Annual Report – Demonstrating the Value of the Auditor General's Office" is attached as Attachment 1.

The report includes an overview of major activities conducted by the Auditor General's Office in 2023, and the financial and non-financial benefits resulting from the implementation of recommendations and the operation of the Fraud and Waste Hotline.

CONTACT

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SIGNATURE

Tara Anderson
Auditor General

ATTACHMENTS

Attachment 1: Auditor General's 2023 Annual Report – Demonstrating the Value of the Auditor General's Office

Confidential Attachment 1