

**Presentation to the Audit Committee
on February 23, 2024
Agenda Item AU4.1**

**AUDITOR
GENERAL**

TORONTO

Auditor General's 2023 Annual Report

Demonstrating the Value of the Auditor General's Office

Tara Anderson, CPA, CA, CIA, BAcc
Auditor General

AUDITOR GENERAL

TORONTO

Presentation Overview

- A. 2023 Highlights
- B. Key Performance Indicators
 1. Add Value to the City
 2. Make a Positive Difference
 3. Show Leadership
- C. Recap and Final Remarks



2023 Highlights

8 Audit and Investigation Reports
More than **100** Recommendations
\$12 for Every Dollar Invested



Public Transit and Transportation



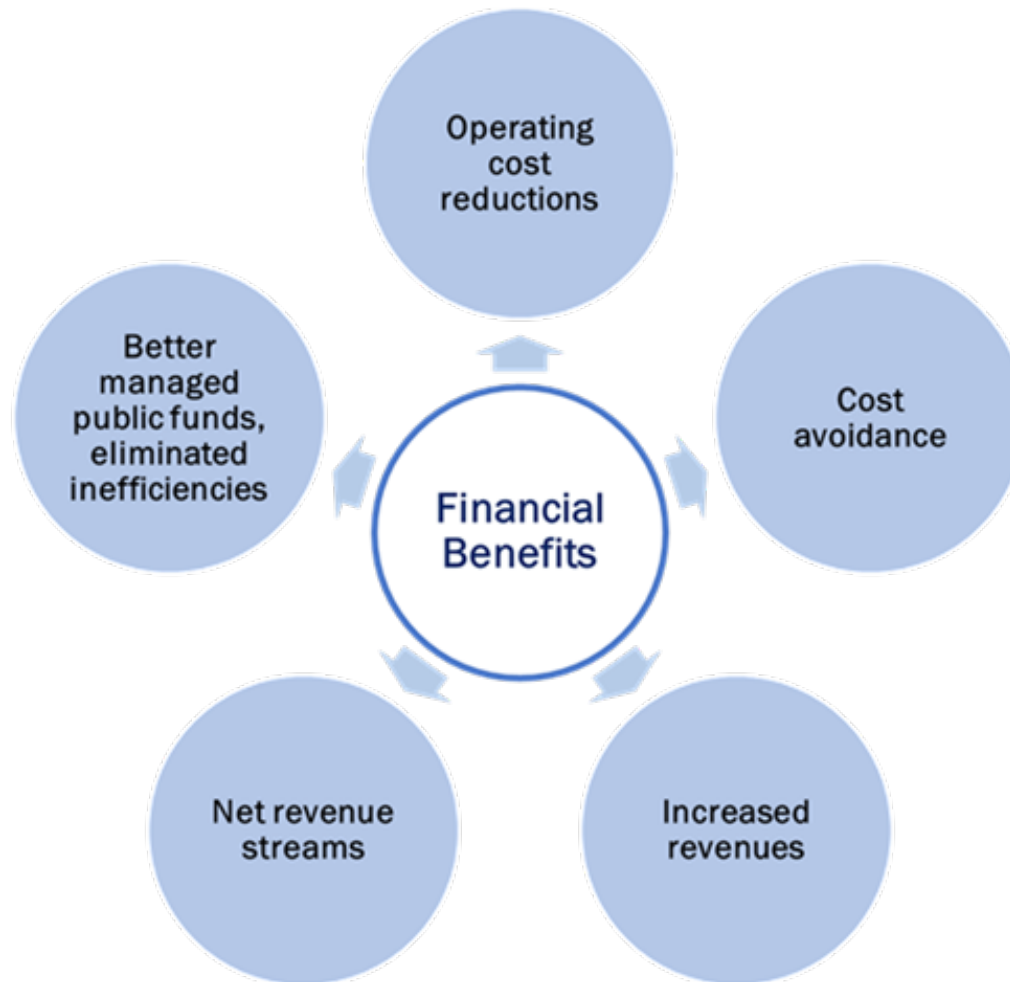
Building Construction and Modular Housing



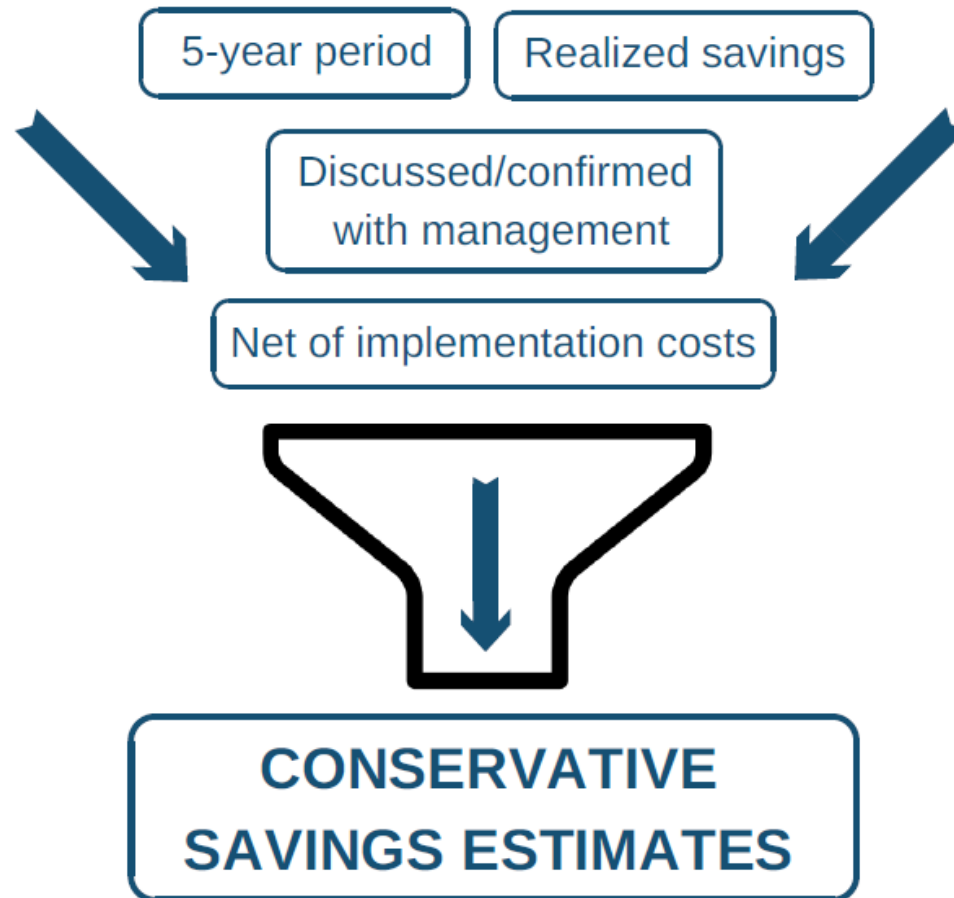
Cybersecurity and Information Technology

1. Add Value to the City

Types of Financial Benefits Achieved by Implementing our Recommendations



Realized Savings: Underlying Principles



Total Cumulative Estimated Savings of **\$387 Million** Return on Investment of AGO: **\$12**

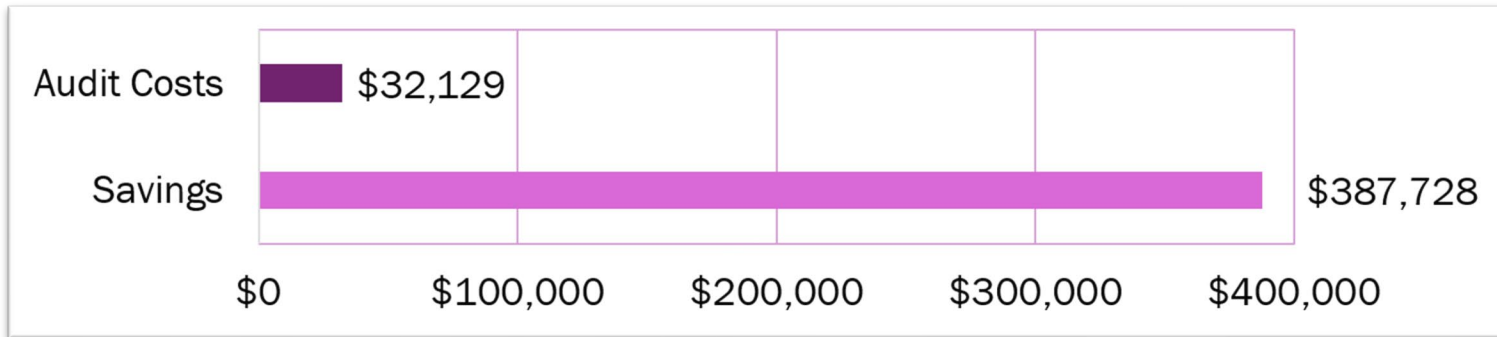


Table 1: Cumulative One-Time and Annual Recurring Savings Projected Over a Five-year Period (in \$000s), Auditor General's 2019 to 2023 Annual Reports

Year of Savings	Year of Annual Report					
	2019 (in \$000s)	2020 (in \$000s)	2021 (in \$000s)	2022 (in \$000s)	2023 (in \$000s)	Total (in \$000s)
2019	\$26,294					\$26,294
2020	\$2,596	\$34,636				\$37,232
2021	\$2,200	\$11,046	\$90,998			\$104,244
2022	\$516	\$13,135	\$9,882	\$3,058		\$26,591
2023	\$516	\$13,511	\$9,944	\$2,922	\$42,439	\$69,332
2024	\$516	\$5,697	\$9,432	\$2,922	\$23,592	\$42,159
2025		\$5,697	\$9,180	\$2,379	\$19,392	\$36,648
2026			\$4,563	\$1,879	\$18,908	\$25,350
2027				\$1,454	\$18,413	\$19,867
2028					\$11	\$11
Total	\$32,638	\$83,722	\$133,999	\$14,614	\$122,755	\$387,728

(Excerpted from pg. 33-34 of the 2023 Annual Report)

One-time and Annually Recurring Savings Projected Over Five-Year Period (in \$000s), 2023

Table 2: One-Time and Annual Recurring Savings Projected Over a Five-year Period (in \$000s) Recognized in 2023, Auditor General's Office

		One-Time/ Retro/ 2023 (in \$000s)	2024 (in \$000s)	2025 (in \$000s)	2026 (in \$000s)	2027 (in \$000s)	2028 (in \$000s)	Total (in \$000s)	Annual Report Pg #	Budget Impact See Legend
Savings Realized from Prior Year Reports										
1	Part 2 of the Audit of Emergency Shelters: Lessons Learned from Hotel Operations, May 2022	9,600	4,200					13,800	38	IY, OS
2	Toronto Court Services: Collection of Provincial Offence Default Fines, April 2018	6,700						6,700	39	PY
3	Fleet Services Operational Review Phase One: Stronger Corporate Oversight Needed for Underutilized Vehicles, April 2019	4,538	224	224	224	224		5,434	39	IY, AC, OS, PY, NP
4	Audit of Interface Invoice Payments: Improving Contract Management and Payment Processes, June 2019	704	51	51	51	51		908	40	IY, NP, IMM
5	Review of Urban Forestry - Ensuring Value for Money for Tree Maintenance Services, April 2019 & Getting to the Root of the Issues - A Follow-Up to the 2019 Tree Maintenance Services Audit, February 2021	931	113	113	113	113		1,383	43	IY, OS
6	Review of Wheel-Trans Services: Sustaining Level and Quality of Service Requires Changes to the Program, December 2012		480	480				960	45	CY
7	Review of Toronto Transit Commission Procurement Policies and Practices: Improving Materials Management and Purchasing Policies Can Potentially Result in Significant Savings, May 2017	2,519	2,519	2,519	2,519	2,519		12,595	45	PY

Savings Reflected in City's Budget - Example

\$12.5 Million Savings Over a 5-Year Period

TTC Materials Management and Purchasing

Additional savings from continuing to take action to address our 2017 recommendations to expand both the aftermarket warranty and alternating sourcing programs



Table 3: Cumulative Annually Recurring Savings Included in TTC Operating Budgets and the Auditor General's Annual Reports, 2018 to 2023

Budget Year	Savings reflected as base budget decreases in the TTC's operating Budget Notes	
2018	Aftermarket Warranty Program	\$690,000
2019	Aftermarket Warranty Program	\$250,000
2020	Aftermarket Warranty Program	\$300,000
2021	Aftermarket Warranty Program	\$385,000
2022	Aftermarket Warranty Program	\$400,000
2023	Aftermarket Warranty Program	\$75,000
2020	Alternate Sourcing Program	\$1,500,000
2021	Alternate Sourcing Program	\$400,000
2022	Alternate Sourcing Program	\$200,000
Total annual savings in TTC budgets		\$4,200,000
Savings reflected in Auditor General's previous annual reports after following up on actions taken by TTC management		\$1,681,000¹⁶
Total incremental annually recurring cost savings reflected in this Annual Report (2023)		\$2,519,000

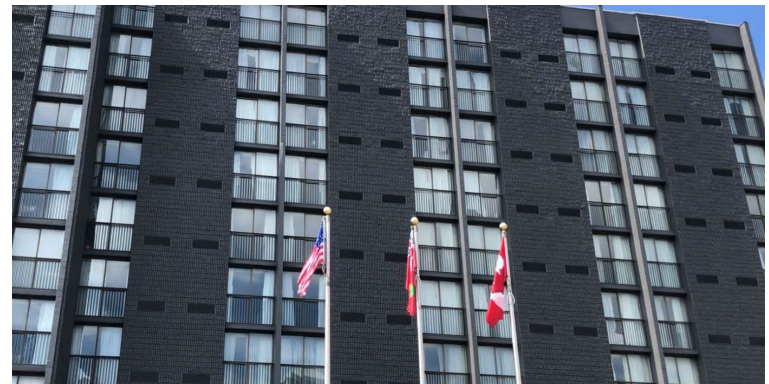
Quantifiable Financial Impact - Example

\$13.8 Million Savings (cost avoidance 2022 to 2024)

Toronto Shelter & Support Services

has taken actions to address our 2022 audit recommendations relating to:

- Charges not in accordance with the express terms of the contracts contract



2. Make a Positive Difference

In 2023, we made impactful recommendations that also had non-financial benefits to:



Transit and Transportation - *supporting ongoing reliability of the public transit system and strengthening procurement and contract management of Winter Maintenance*



Building Construction and Housing - *improving building inspection policies, processes, and enforcement of compliance that helps protect the safety of buildings and strengthening project and contract management of modular housing being built for people experiencing homelessness*



Cybersecurity and Information Technology - *identifying and recommending controls to protect the City and its agencies and corporations (e.g., TTC) from cybersecurity threats and identifying lessons learned for the implementation of large IT projects (e.g., EWMS)*

Actions Taken By Management Since our 2023 Report Issued

Actions taken by Management since our report

Transportation Services management has advised that, since our follow-up review:

- **Contractor equipment has GPS units and functionality** winter lite-up program done
- The **GPS dashboard** is partially determined from winter act that the dashboard has per the programming contractor Transportation Services sta Dashboard and are able to the GPS vendor's portal.
- The **Winter Contract Admin updated** and circulated to 1 team. This includes proced
 - daily rate and equip
 - documentation of a routes by contracto
 - contract managem
 - liquidated damages
 - payment impact fo
- **311 Service Request (SR) I** and enhanced in 2024. The times a day, including statu assist staff to ascertain wh issues that need closer mo areas.

Actions taken by Management since our report

Toronto Building management has advised that completed a significant amount of work and co action to implement all recommendations, incl

- **Strengthening policies and processes f Building Code Act** through policies A68 (Inspections standards) and A60c (Insp Review), along with related supplement including service levels, training manual keeping guidelines.
- **Reinforcing quality and consistency of i compliance with policies and procedur control reviews, enhanced record keep and training.** Through the implementati Program Review, new inspection super be onboarded to provide additional ove addition, the Dedicated Enforcement U given an enhanced scope of work to su of order violations and enforcement.
- **Modernizing systems to support busine** collaboration with the Technology Servi significant changes to the Integrated B System (IBMS) and Remote Computing processes to improve tracking of defici verification, automated notices sent to urents, safeguards on passing stages of construction, and requirements for procedural follow up.

Actions taken by Management since our report

Management advised that they have **shared the audit report and audit results video with the Canada Mortgage and Housing Corporation (CMHC)**, its federal funding partner, to help in communicating the challenges with the tight timelines and the impact it has. Management indicated that in the most recent rounds of federal funding, the requirements and timelines around site selection and the overall delivery timelines have increased significantly as a result.

In addition, since our audit, Management has advised that they have actively introduced several **process and program changes**, as well as developed multiple tools, to address the recommendations. For example, Management advised that they have:

- **improved the site selection framework** by incorporating a more comprehensive due diligence process, including earlier assessments of infrastructure conditions and site servicing requirements
- **improved the budget preparation** prior to project approval with a comprehensive analysis of cost elements using new formal templates informed by lessons learned from delivery of past modular housing projects and industry-wide factors
- **developed a new Program Charter**, that includes potential risks associated with the project, and updated the Responsible, Accountable, Consulted, and Informed (RACI) matrix, in order to clearly identify and define the roles and responsibilities of divisions and stakeholders, as well as to execute the projects efficiently and effectively

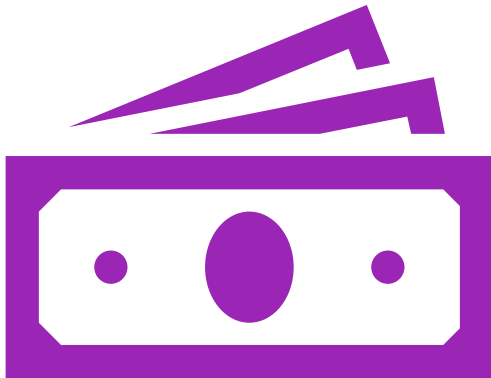
3. Show Leadership



Leaders in Our Profession

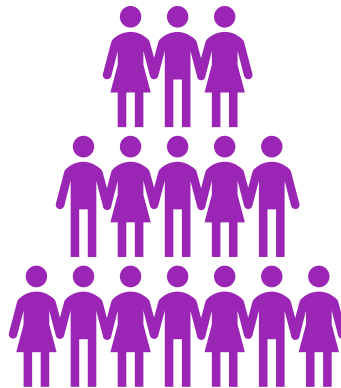
Recap:

1. Add Value to the City
2. Make a Positive Difference
3. Show Leadership



\$387M Cumulative
Estimated Savings

\$12 Return on
Investment



People Impact



Leaders in our Profession

Our Team

Our diversity strengthens the Office and enriches the work we do



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