



Auditor General's Office 2025 Work Plan and Budget Highlights

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**AUDITOR
GENERAL**

TORONTO

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2025 Work Plan and Budget Highlights

What We Do

Under Section 178(1) of the *City of Toronto Act, 2006*, 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 assists City Council by providing independent assessments of the quality of stewardship over public funds and whether value for money is being achieved in operations by conducting performance audits; cybersecurity, financial, operational and compliance audits and reviews; and forensic investigations, of City divisions and certain City agencies and corporations. The mandated responsibilities of the Auditor General are summarized in **Appendix 1**.

Why Our Work is Important

The Auditor General’s independent and objective lens has been a catalyst for changes that have resulted in both financial and non-financial benefits to the City. As reported in past Annual Reports, audits completed by the Auditor General result in significant savings, improved controls, and operational efficiencies. The Auditor General’s Office supports City Council in fulfilling its due diligence responsibilities by independently providing transparent information to help ensure Torontonians’ tax dollars are spent as City Council intended.

Auditor General’s 2025 Work Plan

The Auditor General’s 2025 Work Plan contains the following projects that are in progress or will begin in 2025, and many new projects on the horizon that are to commence in either late 2025 or 2026. These audit projects are identified through a City-wide risk and opportunities assessment process that is conducted every five years and updated annually for changes in emerging issues, priorities, and trends in allegations made to the Fraud and Waste Hotline. The Auditor General also considers the views and experience of City Councillors and City management. The Auditor General may amend the Annual Work Plan if new priorities arise.

Figure 1: 2025 and 2026 Work Plan Projects

Audit Work Plan (2025)	Audit Horizon (2026)
<p><u>Agencies and Corporations</u></p> <ul style="list-style-type: none"> • Toronto Transit Commission – Non-union Workforce Planning and Management • Toronto Police Service – Cybersecurity Follow-up of Prior Recommendations • Toronto Police Service – IT Governance / Infrastructure • Toronto Community Housing Corporation and Toronto Seniors Housing Corporation – Capital Planning and Delivery • Toronto Public Library – Cybersecurity Assessment • Selected Agency or Corporation – Overall Network Security and Cybersecurity Assessment of Select Critical Systems <p><u>City Divisions</u></p> <ul style="list-style-type: none"> • Parks, Forestry and Recreation – Parks Operational Review (Phase 2) • Shelter, Support & Housing Administration – Winter Respite Sites and Warming Centres for People Experiencing Homelessness • Purchasing and Materials Management – Low Dollar Value Purchases, Pcard Usage and Payments • Transportation Services – Utility Cuts • FIFA World Cup 2026 Secretariat – Audit of Maple Leaf Sports & Entertainment (MLSE) Contract – FIFA World Cup 2026 • Toronto Water – Stormwater Asset Management • Housing Secretariat – Supportive Housing • Corporate Real Estate Management – Major Capital Project • Solid Waste Management Services – Contract Management of Collections and Litter Operations • City-wide – Purchase Order Amendments • Administrative Penalty System – Parking Ticket Fines 	<p><u>Agencies and Corporations</u></p> <ul style="list-style-type: none"> • Toronto Transit Commission – Electric Buses • Toronto Transit Commission – Subway Maintenance • Toronto Police Service – Special Events / Paid Duty • Toronto Zoo – Cybersecurity Assessment • Selected Agency or Corporation – Cybersecurity Assessment <p><u>City Divisions</u></p> <ul style="list-style-type: none"> • Housing Secretariat – Affordable Rental Housing • Transportation Services – Road Maintenance • City Planning – Operational Review of Development Applications • Parks, Forestry & Recreation – Electric Ferries • City-wide – Use of Consultants • City-wide – Cybersecurity Risk of Third-Party Shared Services • City-wide – Hardware Asset Utilization and Data Centers Management

In addition, the Auditor General continues to carry out various investigations related to allegations of fraud, waste, or other wrongdoing, and follow-up work of previous recommendations. In particular, if the Auditor General’s 2025 budget request is approved, the Auditor General will also engage professional services for experts, specialists and/or contracted forensic investigators to address the request made by City Council at its meeting on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the Paylt Platform. Finally, there is a growing list of projects that we still need to give attention to. Although we cannot reasonably get to all our planned horizon projects and those in our backlog during 2025, continued support from City Council will help us address the projects on the 2025 Work Plan.

Auditor General’s 2025 Budget Request

The 2025 budget request for the Auditor General’s Office will be presented directly to the Budget Committee at its meeting on January 15-17, 2025, for consideration. The Auditor General is requesting \$8.651 million to continue delivering impactful audits and investigations in accordance with her mandate. This budget information is being provided for information only, to assist the Audit Committee in considering the Auditor General’s 2025 Work Plan.

The budget request reflects the resources needed to address the Auditor General's 2025 Work Plan. More specifically, the 2025 Work Plan reflects that the Auditor General will continue to carry out her mandate by:

- delivering **high-priority audit projects** on the Auditor General's Work Plan that yield **both quantifiable and non-quantifiable benefits** to how the City delivers its services
- providing valuable independent oversight of critical systems to ensure the City is well-positioned to detect, mitigate, and respond to **information technology and cybersecurity risks**
- conducting **investigations into high-risk complaints** that help address and deter fraud, waste, and wrongdoing in the City.

The Office continues to be lean relative to the size and complexity of Toronto's Government. The Auditor General's budget, relative to the size of the City's budget, remains among the lowest of major municipalities across Canada, as well as those of a number of municipalities in the United States. City Council's support for enhancement requests to address requirements for specialist resources for specifically identified projects, as well as its commitment to maintaining the base Auditor General's Office budget, will continue to help ensure that audits of priority areas and emerging risks, as well as investigations of high-risk complaints, are addressed in a timely manner.

Conclusion

The Auditor General would like to thank the Audit Committee and City Council for their continued support of this Accountability Office, and of the important accountability work we do. We look forward to continuing to add value to the City and making a positive difference in the lives of Torontonians through improved outcomes from our report recommendations.

A. 2025 Work Plan

A.1. Risk-Based Approach to Audit Selection

The development of the Work Plan is informed by a City-wide risk and opportunities assessment

The selection of audits to include in the Auditor General's Work Plan is informed by a City-wide risk and opportunities assessment. Significant areas of the City and its agencies and corporations are evaluated from an audit risk perspective using criteria to identify areas that may warrant audit attention. Determining which areas to audit and the appropriate allocation of audit resources are essential to maximizing the value of an effective audit process.

The Auditor General's Office City-wide risk and opportunities assessment considers the following 10 risk factors, which are consistent with factors used by other Auditors General when prioritizing projects:

- Cybersecurity and Information and Technology Exposure
- Legal Exposure (including Environmental, Regulatory, Litigation)
- Susceptibility to Fraud, Waste, or other Wrongdoing
- Complexity and Significant Changes in Operations and Service Delivery
- Alignment of Strategic / Business / Service Planning
- Staffing Levels & Organization Competence
- Financial Exposure (Materiality and Impact)
- Contractual Exposure
- Adequacy of Policies, Procedures, Processes and Controls
- Public and Political Interest (including Adverse Publicity)

A more detailed description of the 10 risk factors is included in **Appendix 2**.

Consideration of emerging risks and trends in allegations received

The formal risk and opportunities assessment is completed every five years and updated annually for changes in emerging risks, priorities, and trends in allegations made to the Fraud and Waste Hotline. The Auditor General also considers the views and experiences of City Councillors and City management when prioritizing audit projects.

Starting in Q1 2025, the Auditor General's Office will begin a new risk and opportunities assessment of City divisions and its major agencies and corporations. Dedicated audit resources will be required in 2025 for completing this task. The results of this assessment will be considered when setting the audit priorities for the next five years.

A.2. Projects in the 2025 Work Plan

Projects in the 2025 Work Plan

The 2025 Work Plan has been developed based on a balancing of audit priorities and available audit resources. The projects in the 2025 Work Plan are organized as follows:

- projects in progress or soon to be initiated in 2025 (**Table 1**);
- projects we would like to commence on the horizon for 2026 (**Table 2**); and
- backlog list of projects that we would like to complete over the longer term (**Exhibit 1**).

A number of audits included in the 2025 Work Plan are broad-scope performance audits. These performance audits may be further divided into multiple phases or projects because of the nature and complexity of the operations. The scope of each audit phase will be developed after detailed planning for each project has started.

Flexibility of the Work Plan

The Auditor General's Work Plan needs to be flexible in order to respond to emerging issues when needed. This may result in a re-prioritization or deferral of some audits.

Need for complex and in-depth forensic investigations will continue

Currently, the Auditor General's Office has several investigations underway. The Auditor General also anticipates that the need for complex and in-depth forensic investigations will continue and expand.

Table 1: In-Progress Projects and Upcoming Projects in 2025

No.	Project	Description	Project Status
City Divisions			
1.	Parks, Forestry and Recreation - Parks Operational Review (Phase 2)	This audit will examine how Parks, Forestry and Recreation maintains the City's parks and open spaces, including how required repairs are identified and promptly addressed.	Reporting
2.	Shelter, Support & Housing Administration – Winter Respite Sites and Warming Centres for People Experiencing Homelessness	This is a continuation of a series of audits along the housing continuum. This audit will review the cost, availability, and utilization of spaces in the City's winter respite sites and warming centres in the 2023/24 winter season.	Reporting
3.	Purchasing and Materials Management – Low Dollar Value Purchases, PCard Usage, and Payments	The focus of this audit is to review the processes for low dollar value purchases and the potential for efficiency savings.	In progress
4.	Transportation Services - Utility Cuts	This audit will review the permitting and inspection process of utility cut work. This audit may also include coordination with other entities including TTC and Toronto Hydro.	In progress
5.	FIFA World Cup 2026 Secretariat – Audit of Maple Leaf Sports & Entertainment (MLSE) Contract - FIFA World Cup 2026	This audit will review the procurement and terms of the City's contract with MLSE for the FIFA World Cup 2026, as well as City Council's governance framework involving decisions with a significant financial impact.	Started
6.	Toronto Water – Stormwater Asset Management	This audit will assess the effectiveness and efficiency of Toronto Water's stormwater asset management program. The audit may include examining the inspection, maintenance, and repair of stormwater sewer pipes.	To commence in 2025

No.	Project	Description	Project Status
7.	Housing Secretariat – Supportive Housing	This is a continuation of a series of audits along the housing continuum. The audit may include an evaluation of the oversight, systems, and processes the City has put in place to deliver supportive rental housing, including reviewing eligibility for supportive housing, oversight of service delivery partners, and the outcomes achieved in providing supportive rental opportunities to residents.	To commence in 2025
8.	Corporate Real Estate Management (CREM) – Major Capital Project	This audit will examine CREM’s oversight and management of a selected capital project. Potential projects could include the Union Station Revitalization Project, the St. Lawrence Market North Redevelopment, or the Toronto Accessibility Upgrade Program and the Implementation of the City’s <i>Accessibility for Ontarians with Disabilities Act</i> Policy for Public Spaces.	To commence in 2025
9.	Solid Waste Management Services – Contract Management of Collections and Litter Operations	This audit will examine the procurement and contract management of collections and litter operations.	To commence in 2025
10.	City-wide – Purchase Order Amendments	This audit will review processes to oversee and manage significant contract cost increases leading to purchase order amendments.	To commence in 2025
11.	Administrative Penalty System – Parking Ticket Fines	This audit will examine the new process for the issuance, administration, and collection of parking ticket fines and consider potential opportunities.	To commence in 2025

No.	Project	Description	Project Status
Agencies and Corporations			
12.	Toronto Transit Commission (TTC) – Non-union Workforce Planning and Management	TTC employs approximately 4,300 non-union employees that support the delivery of subway, streetcar, bus, light-rail vehicle and Wheel-Trans service. The focus of this audit includes reviewing TTC’s employee retention and succession planning systems, policies, procedures and processes.	Reporting
13.	Toronto Police Service (TPS) – Cybersecurity Follow-up of Prior Recommendations	This is a follow-up to our 2021 Cybersecurity Assessment Phase 1 project.	Started
14.	Toronto Police Service (TPS) – IT Governance / Infrastructure	This audit will focus on the TPS IT Governance framework and assess the IT operations and strategic alignment, prioritization and delivery of key IT projects, and the adequacy of controls over management of IT infrastructure and assets.	To commence in 2025
15.	Toronto Community Housing Corporation (TCHC) and Toronto Seniors Housing Corporation (TSHC) – Capital Planning and Delivery	This audit will focus on TCHC and TSHC’s capital planning process and prioritization of capital project spending and may include an assessment of the impact of project delivery in addressing the state of good repair backlog.	To commence in 2025
16.	Toronto Public Library (TPL) – Cybersecurity Assessment	This audit will include a vulnerability assessment and penetration testing of TPL’s IT infrastructure, networks, and systems to assess cybersecurity risks and controls.	To commence in 2025
17.	Selected Agency or Corporation – Overall Network Security and Cybersecurity Assessment of Select Critical Systems	This project will include Information Technology vulnerability assessment and penetration testing of select critical systems.	To commence in 2025

No.	Project	Description	Project Status
Other Significant Areas of Work			
18.	Multiple investigations related to allegations of fraud, waste or other wrongdoing	<p>The Auditor General's Forensic Unit currently has several ongoing investigations of high-risk allegations of fraud, waste or other wrongdoing. These allegations require a significant amount of resources to investigate.</p> <p>The Auditor General will also engage professional services for experts, specialists and/or contracted forensic investigators to address the request made by City Council at its meeting on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the Paylt Platform.¹</p>	<p>Ongoing</p> <p>Contingent upon City Council's approval of the Auditor General's 2025 budget request</p>
19.	Follow-up of previous Auditor General Recommendations	As of October 31, 2024, there were 614 open recommendations ² , of which 433 recommendations were considered high priority. Management reported that 233 of the open recommendations were fully implemented and the remaining 381 recommendations were still in progress. The Auditor General will continue to verify the implementation status of high-priority recommendations.	Ongoing
20.	Auditor General's five year city-wide risk and opportunities assessment	The Auditor General's Office conducts a city-wide risk and opportunities assessment every five years to inform the Work Plan.	To commence in 2025

¹ [Agenda Item History - 2024.AU6.2 \(toronto.ca\)](#)

² Open recommendations only include those published up to the 2023 year-end. New recommendations published during 2024 are not included in this status update.

Table 2: Project Horizon for 2026

(These are additional projects that will be initiated in late 2025 or in 2026, contingent upon availability of audit resources and consideration of emerging risks)

No.	Project	Description
City Divisions		
1.	Housing Secretariat - Affordable Rental Housing	This is a continuation of a series of audits along the housing continuum. This audit will assess the delivery of affordable rental opportunities. The audit may include an evaluation of the City's processes to partner with housing providers to create new affordable rental units, the City's processes to match prospective, eligible tenants with affordable units, and the outcomes achieved in providing affordable rental opportunities to residents. The timing of the audit may be impacted by the implementation of the City's plans for transformation of Toronto's housing system to build more affordable rental homes.
2.	Transportation Services - Road Maintenance	This audit will examine the effectiveness and efficiency of the City's road maintenance services, potentially including street sweeping and cleaning, as well as pothole and sidewalk repairs.
3.	City Planning - Operational Review of Development Applications	This audit will assess the effectiveness and efficiencies of City Planning's development approval application processes.
4.	Parks, Forestry & Recreation - Electric Ferries	This audit will examine the procurement of the City's electric ferries and associated infrastructure.
5.	City-wide - Use of Consultants	This audit will assess whether the City has effective systems and processes in place for the use of consultants to ensure efficient and value-for-money service delivery.
6.	City-wide - Cybersecurity Risk of Third-Party Shared Services	This audit will examine the City's management of third-party supply chain cybersecurity risks.
7.	City-wide - Hardware Asset Utilization and Data Centers Management	This audit will examine the City's management of its hardware assets and data centers to identify opportunities for efficiencies. This audit may be completed in multiple phases.

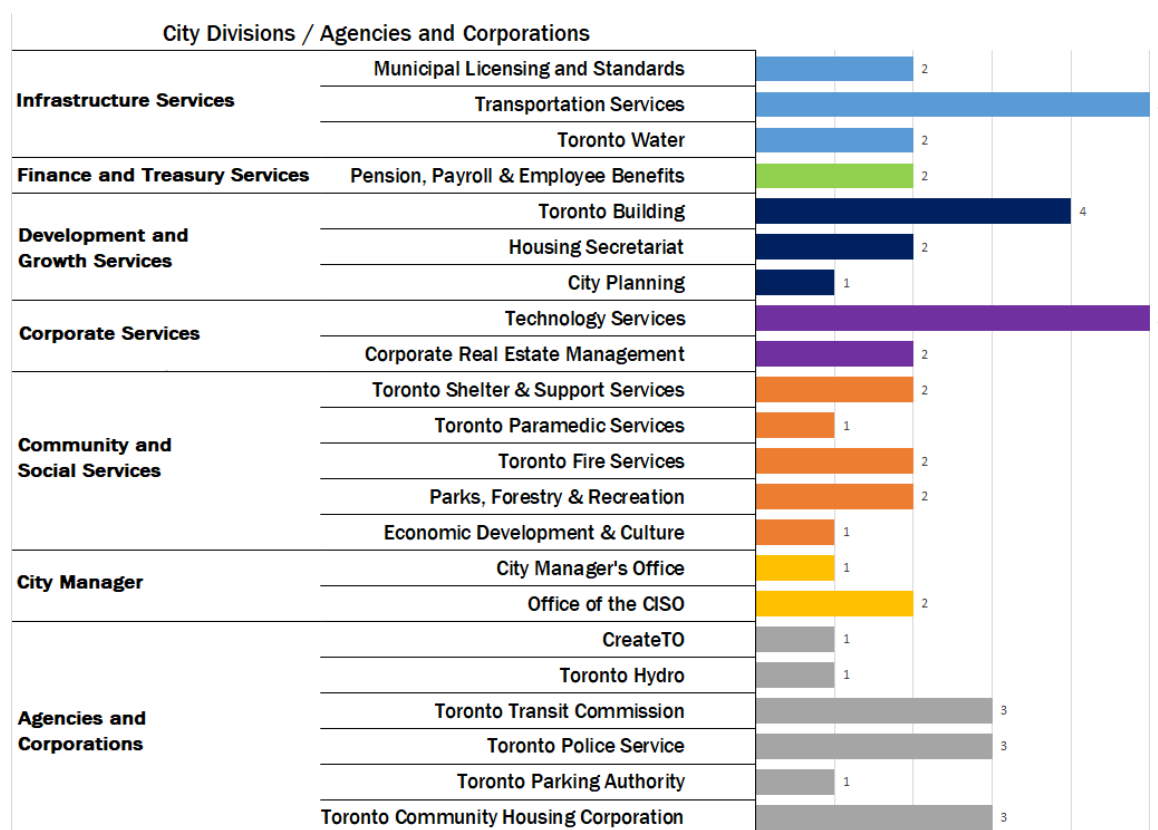
No.	Project	Description
Agencies and Corporations		
8.	Toronto Transit Commission (TTC) – Electric Buses	This audit will review the procurement, operation, and maintenance of electric buses to identify potential service improvements and opportunities.
9.	Toronto Transit Commission (TTC) – Subway Maintenance	This audit will assess the effectiveness and efficiency of the inspection and preventive and corrective maintenance of the TTC’s subway, to identify areas for improvement. Lessons learned from the derailment of the TTC’s Scarborough Rapid Transit Line 3 may be considered as part of this audit.
10.	Toronto Police Service (TPS) – Special Events / Paid Duty	The focus of the audit is to review the time spent by police officers (both on-duty and pay-duty officers) on special events, coordination with the City, and the cost recoveries from those events. The audit may also review how TPS manages Paid Duty, including oversight, systems, and processes that it has put in place.
11.	Toronto Zoo– Cybersecurity Assessment	This project will include a vulnerability assessment and penetration testing of the Toronto Zoo’s IT infrastructure, networks, and systems to assess cybersecurity risks, processes, and controls.
12.	Selected Agency or Corporation – Cybersecurity Assessment	This project will include a vulnerability assessment and penetration testing of existing networks and systems to assess cybersecurity risks, processes, and controls.
Other Significant Areas of Work		
13.	New investigations related to allegations of fraud, waste or other wrongdoing	Major investigations will be conducted by the Forensic Unit as needed. (Refer to section A.4.)
14.	Follow-up of previous Auditor General Recommendations	The Auditor General will continue to verify the implementation status of high-priority recommendations and will update City Council in future reports.
15.	Data Analytics and Continuous Controls Monitoring (CCM)	The Auditor General will use data analysis techniques to provide periodic reports for management to proactively monitor financial transactions, detect unusual transactions, and identify areas where internal controls could be strengthened.

A.3. Past Audit, Investigation, Cybersecurity and Other Reports

Breadth and depth of coverage by audits and investigations

In recent years, the Auditor General completed a number of comprehensive and complex audits and investigations that covered a broad range of programs and services across the City and its agencies and corporations. **Appendix 3** lists the reports issued from 2020–2024. The audits, investigations, cybersecurity, and other reports completed between 2020 and 2024 are summarized by City Division/Agency and Corporation in **Figure 2** below.

Figure 2: Audit, Investigation, Cybersecurity, and Other Reports 2020-2024



Note: Two of the three reports under Toronto Community Housing Corporation also pertain to Toronto Seniors Housing Corporation.

A.4. Investigative Work related to Complaints Received by the Fraud and Waste Hotline

Operating the Fraud and Waste Hotline Program

The Auditor General's Office operates the Fraud and Waste Hotline Program, which allows the general public, City staff, and anyone doing business with the City, to report suspected fraud, waste, or wrongdoing involving City resources.

Received 592 complaints as of October 31, 2024

The Hotline continues to receive a high volume of complaints. As of October 31, 2024, 592 complaints representing more than 900 allegations have been received. This is a decrease of approximately 37 per cent in complaints compared to the same period in 2023. Based on this volume, the Hotline could receive approximately 710 complaints by year end. Forensic Unit staff review all complaints that are received and conduct preliminary investigative inquiries on the majority of allegations, while also providing independent oversight of management-led investigations.

Dynamic nature of hotline

Complaint activity may increase or decrease because of the dynamic nature of a hotline program and as a result of various factors, including outreach activities and the nature of issues reported by the media.

During the past few years, we were receiving a high volume of complaints that were not in the Hotline's jurisdiction (i.e. not related to the City of Toronto). Therefore, in 2024, we made updates to our website to more clearly outline the types of complaints that fall within the scope of the Hotline. And, as of October 31, 2024, the 37 per cent decrease in the complaints is primarily attributed to a reduction in allegations that are outside of the Hotline's jurisdiction.

Completed 10 public reports on major investigations since 2020

In addition to operating the Hotline, the Auditor General's Office conducts investigations. Conducting investigations into high-risk allegations can require a significant number of staff resources, time, and in some cases, costs associated with hiring external specialists. Since 2020, we have issued 10 public reports on major investigations; other investigations were reported through the Fraud and Waste Hotline Annual Report or directly to management.

B. 2025 Budget Request Highlights

Auditor General's budget request reflects resources needed to address her 2025 Work Plan

The 2025 budget request for the Auditor General's Office will be presented directly to the Budget Committee at its meeting on January 15-17, 2025, for consideration. The Auditor General is requesting \$8.651 million to continue delivering impactful audits and investigations in accordance with her mandate.

This budget information that follows is being provided for information only, to assist the Audit Committee in considering the Auditor General's 2025 Work Plan. The budget request reflects the resources needed to address the Auditor General's 2025 Work Plan.

2025 Operating Budget request is \$8.651 million

The 2025 Operating Budget request of \$8.651 million is a \$0.360 million (or 4.3 per cent) increase from the Approved Adjusted 2024 Operating Budget for the Auditor General's Office of \$8.291 million. The budget pressure largely arises from:

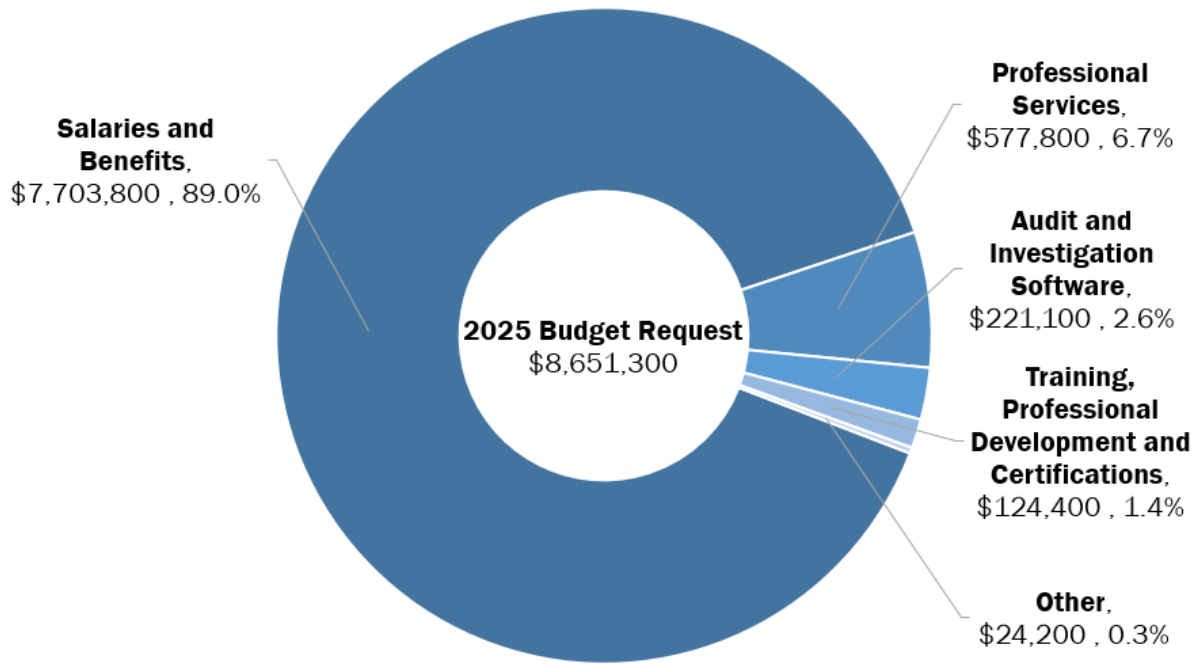
- An increase in salaries and benefits by \$0.095 million mainly due to ongoing budget pressures for normal performance pay increases consistent with the City's Non-Union Pay For Performance Program
- Offset by a net decrease of \$0.010 million in non-salary expenditures resulting from \$0.031 million in savings identified through a line-by-line review offset by an increase of \$0.021 million for inflationary adjustments
- An enhancement request of \$0.125 million for professional services for experts, specialists and/or contracted audit professionals and the corresponding increase of planned IT and cybersecurity audits as well as follow-up of prior cybersecurity findings and recommendations at the City and certain of the City's agencies and corporations
- A one-time enhancement request of \$0.150 million for professional services for experts, specialists and/or contracted forensic investigators to address the request made by City Council at its meeting on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the PayIt Platform³

³ [Agenda Item History - 2024.AU6.2 \(toronto.ca\)](#)

Any cost-of-living salary adjustments to be applied in 2025 are not reflected as per the Financial Planning Division’s 2025 operating budget guidelines. Financial Planning budgets for these costs City-wide as part of Non-Program expenditures and ordinarily, the allocation will be transferred in-year.

The categories of expenses included in the base budget are illustrated in **Figure 3** below.

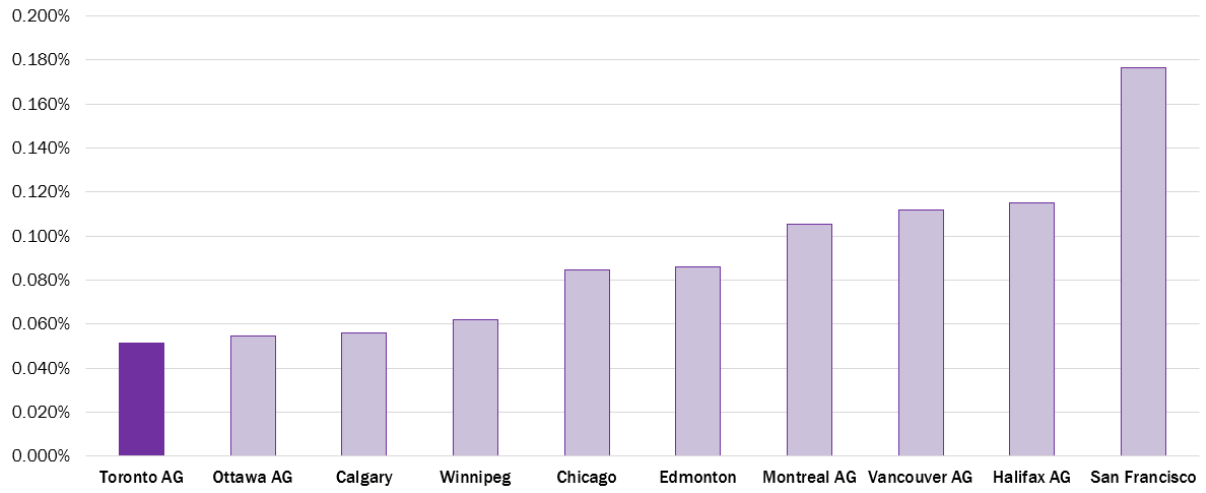
Figure 3: 2025 Operating Budget Request



Auditor General’s 2025 budget request represents 0.05% of the City’s 2024 Operating Budget

The Auditor General’s Office continues to be lean relative to the size and complexity of Toronto’s government. As illustrated in **Figure 4**, the Auditor General’s budget, relative to the size of the City’s budget, remains amongst the lowest of major municipalities across Canada, as well as those of a number of municipalities in the United States. City Council’s commitment to maintaining the Auditor General’s Office budget will continue to help ensure that audits of priority areas and emerging risks, as well as investigations of high-risk complaints, are addressed in a timely manner.

Figure 4: Audit Costs as a Per Cent of Municipal Operating Budget



Source: 2024 Publicly Available Municipal Operating Budgets

Exhibit 1: Backlog of Audit Projects

Agencies and Corporations:

City's Agencies and Corporations	
1.	Governance and Accountability Framework with Agencies & Corporations
2.	Toronto Community Housing Corporation (TCHC) – Community Safety Plan and Violence Reduction Program
3.	Toronto Community Housing Corporation (TCHC) – Arrears Management
4.	Toronto Community Housing Corporation (TCHC) – Vacancy Management
5.	Toronto Community Housing Corporation (TCHC) – Tenant Customer Service
6.	Toronto Community Housing Corporation (TCHC) – Contract Management
7.	Toronto Community Housing Corporation (TCHC) – Hub Model
8.	Toronto Community Housing Corporation (TCHC) – Value for Money of IT Spending and Contract Procurement
9.	Toronto Seniors Housing Corporation (TSHC) and Toronto Community Housing Corporation (TCHC) – Shared Services Review
10.	Toronto Seniors Housing Corporation (TSHC) – Operational Review
11.	Toronto Transit Commission (TTC) – Inventory Management
12.	Toronto Transit Commission (TTC) – Bus Operational Review
13.	Toronto Transit Commission (TTC) – Subway Operational Review
14.	Toronto Transit Commission (TTC) – Union Workforce Planning and Management
15.	Toronto Transit Commission (TTC) – Transit Planning
16.	Toronto Transit Commission (TTC) – SAP Implementation
17.	Toronto Transit Commission (TTC) – TTC Green Initiatives
18.	Toronto Transit Commission (TTC) – Review of Revenue Operations for Wheel-Trans Program
19.	CreateTO – Operational Review
20.	Toronto Zoo – Capital Project
21.	Toronto Parking Authority – Delivery of Capital Plan
22.	Selected Agencies and Corporations – Software Licence Acquisition and Management

Restricted Boards – Auditor General requires invitation by Boards ^{4, 5}	
23.	Toronto Public Library (TPL) – Capital Projects - Contract Procurement and Management
24.	Toronto Public Library (TPL) – Facilities / Building Maintenance
25.	Toronto Public Library (TPL) – Information Technology and Digital Strategy
26.	Toronto Public Library (TPL) – Internal Control Environment of Significant Financial Processes/Systems
27.	Toronto Public Library (TPL) – Operating Contracts – Contract Procurement and Management
28.	Toronto Public Library (TPL) – Series of Operational Reviews that include opportunities for potential cost and efficiency savings
29.	Toronto Police Service (TPS) – Business Continuity
30.	Toronto Police Service (TPS) – Court Services
31.	Toronto Police Service (TPS) – Fleet
32.	Toronto Police Service (TPS) – IT Contract Review

⁴ <https://www.toronto.ca/legdocs/mmis/2021/au/bgrd/backgroundfile-172210.pdf>

⁵ <https://www.toronto.ca/legdocs/mmis/2021/au/bgrd/backgroundfile-172211.pdf>

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|---|
| <ul style="list-style-type: none"> 33. Toronto Police Service (TPS) – Occupational Health & Safety 34. Toronto Police Service (TPS) – Parking Enforcement 35. Toronto Police Service (TPS) – Police Facilities 36. Toronto Police Service (TPS) – Proactive Community Policing (Neighbourhood Community Officer Program) 37. Toronto Police Service (TPS) – Race Based Data Collection 38. Toronto Police Service (TPS) – Response to Mental Health Calls 39. Toronto Police Service (TPS) – Traffic Services 40. Toronto Police Service (TPS) – Use of Body Camera Evaluation 41. Toronto Police Service (TPS) – Workforce Administration |
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City Divisions

Community and Social Services:

- | |
|---|
| <ul style="list-style-type: none"> 42. Parks, Forestry and Recreation – Community Recreation – Operational Review 43. Parks, Forestry and Recreation – Parks Development & Capital Projects Branch – Planning, Design, Construction and Contract Management 44. Seniors Services and Long-Term Care – Operational Review 45. Toronto Employment & Social Services/Children's Services/Shelter Support & Housing Administration – Human Services Integration 46. Economic Development and Culture – Business Improvement Areas – Governance and Controls 47. Toronto Fire Services – Operational Review of 911 Emergency Response Services |
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Corporate Services and Other:

- | |
|---|
| <ul style="list-style-type: none"> 48. Customer Experience (311) – Operational review of 311 Toronto, including communication and resolution of complaints 49. Corporate Real Estate Management – Facilities Management – Corporate Security Contracted Services 50. Corporate Real Estate Management – Facilities Management – Operational Review of Repairs and Maintenance Program for City Owned Properties 51. Corporate Real Estate Management – Review of the Workplace Modernization Program (ModernTO) 52. Environment & Climate – Climate Change Goals and Commitments 53. Environment & Climate – Review of City-owned Buildings Being Managed with Due Regard to the Effects on the Environment 54. Environment & Climate – Utilization of capital funding provided to Environment and Climate for third-party climate action 55. People & Equity – Diversity, Equity and Inclusion Program 56. People & Equity – Employee Performance Management and Hybrid Work Environment 57. People & Equity – Employee leave management 58. Technology Services – IT Business Continuity and Disaster Recovery Planning 59. Technology Services – Enterprise-wide audit of User Access Controls to various information technology systems 60. Technology Services and Accounting Services – Implementation of Financial Systems Transformation Project (FSTP) System, Processes, and Financial Controls 61. Technology Services – IT Project Management |
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Development and Growth Services:

62. Housing Secretariat/CreateTO – Housing Now

Finance and Treasury Services:

- 63. Pension, Payroll and Employee Benefits – Time Reporting
- 64. Pension, Payroll and Employee Benefits – Operational review of TEAM Central
- 65. Purchasing and Materials Management – Audit of non-competitive contract supporting the City's Category Management and Strategic Sourcing strategy
- 66. Revenue Services – Vacant Home Tax

Infrastructure Services:

- 67. Transportation Services – Permit and Application Fee Revenue Collection, including Construction Hoarding Signs
- 68. Transportation Services – Vision Zero and Traffic Safety
- 69. Transportation Services – Bike Lane Maintenance
- 70. Transportation Services and Revenue Services – Automated Enforcement Programs and Processes
- 71. Engineering & Construction Services – Road Construction
- 72. Engineering & Construction Services – Bridge Inspection Program
- 73. Toronto Emergency Management – Review of City's Emergency Management Plan and Process
- 74. Municipal Licensing & Standards – Private Transportation Companies
- 75. City-wide (including Municipal Licensing & Standards) – Enforcement of By-laws
- 76. Toronto Water – Construction Projects
- 77. Toronto Water – Contract Management of Major Vendors
- 78. Toronto Water – Wastewater Management
- 79. Toronto Water and Engineering & Construction Services – Basement Flooding Protection Program

Appendix 1: Mandated Responsibilities of the Auditor General

Under the *City of Toronto Act*⁶, 2006, the role of the City Council is to:

- represent the public and to consider the well-being and interests of the City;
- develop and **evaluate the policies and programs** of the City;
- determine which services the City provides;
- **ensure** that administrative and controllership **policies, practices and procedures are in place to implement the decisions** of council;
- **ensure the accountability and transparency of the operations** of the City, including the activities of the senior management of the City;
- **maintain the financial integrity** of the City; and
- carry out the duties of council under this or any other Act.

Under Section 178(1) of the *City of Toronto Act, 2006*, 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 assists City Council by providing independent assessments of the quality of stewardship over public funds and whether value for money is being achieved in operations by conducting performance audits; cybersecurity, financial, operational and compliance audits and reviews; and forensic investigations, of City divisions and certain City agencies and corporations. The Auditor General also follows up on recommendations from previous reports.

The Auditor General’s legislated responsibilities, powers and duties are established in Section 178 of the *City of Toronto Act, 2006*. Chapter 3 of the Toronto Municipal Code sets out the Auditor General’s specific responsibilities including:

- Undertaking performance, financial and compliance audits of City divisions, local boards, and City-controlled corporations. The Auditor General can also conduct audits, upon request from the Toronto Police Services Board, the Toronto Public Library Board and the Toronto Board of Health
- Reporting to City Council on annual Office activities, including savings achieved

The Auditor General also has an independent oversight role in the investigation of reported wrongdoing. This responsibility is part of her mandate under Section 178 of the *City of Toronto Act, 2006* and her specific responsibilities for investigating complaints and alleged wrongdoing are set out in Chapter 192 of the Toronto Municipal Code. Her work includes:

⁶ <https://www.ontario.ca/laws/statute/06c11>

- Operating the Fraud and Waste Hotline Program, including the referral of issues to divisional management
- Conducting investigations into allegations of fraud and other wrongdoing, as well as reprisal against employees under the City's disclosure of wrongdoing and reprisal protection rules

Under the *City of Toronto Act, 2006*, the Toronto Police Services Board, Toronto Board of Health, and the Toronto Public Library Board are excluded from the Auditor General's mandate. However, the Auditor General may perform audits at these entities if requested by the entities' governing body, as outlined in Chapter 3 of the Toronto Municipal Code.

Audit projects identified from the risk assessment for the Toronto Police Service and the Toronto Public Library were adopted by each Board in the Fall of 2020 and were included in the Auditor General's Annual Work Plan.

Over the past four years, the Auditor General issued three reports to the Toronto Police Services Board in the following areas: **Cybersecurity Assessment**, **9-1-1 Public Safety Answering Point Operations**, and **Opportunities to Support More Effective Responses to Calls for Service**.

Appendix 2: Risk Factors Criteria Used In City-Wide Risk and Opportunity Assessment

1) CYBERSECURITY AND INFORMATION AND TECHNOLOGY EXPOSURE

Given the dependence of business operations on information technology, the risks related to the availability of systems, confidentiality, and integrity of data are often considered among the top risks to organizations.

In recent years, many municipalities and other public/private sector organizations in Canada and the U.S. have been affected by cyberattacks. These cyberattacks have resulted in the loss of confidential information and have caused the loss of service in a number of instances where municipalities and organizations were not able to provide services to their citizens, businesses, and other stakeholders. These cyberattacks also resulted in significant financial losses and litigation issues.

The City provides a number of services, such as information about and registration of various programs for kids, communities and businesses through the Internet. The City's IT infrastructure stores a significant amount of confidential/sensitive data, such as information about employees' and citizens' personal records. It also maintains many systems that are critical to the City's operations and services, such as water, fire services, transportation, and emergency responses for the citizens of Toronto.

Weaknesses in information technology controls could lead to potential cybersecurity risks, exposing the City to compromise confidential information or the potential shutdown of critical technology systems that are relied upon to provide services to citizens.

The following are some important factors that impact the IT security exposure of an operating unit:

- Existence of an IT Governance framework, adequacy of policies and procedures
- Security over data collection, management and storage, such as data relating to personally identifiable information and financial records, including credit card information
- IT access controls, monitoring, and change management
- Pace of adoption of new technologies, comparison with industry benchmarks, and compliance with cybersecurity standards
- Business continuity, applications and systems change management, and disaster recovery procedures
- Employee training and awareness on information technology and cybersecurity

2) **LEGAL EXPOSURE (INCLUDING ENVIRONMENTAL, REGULATORY, LITIGATION)**

Exposure to risk can be introduced by non-compliance with internal and external policy, procedure, regulatory, and statutory matters. Non-compliance can result in public embarrassment and/or monetary loss due to improper business practices, the levy of fines or litigation, loss of funding sources, disallowed costs from funding agencies, and in certain cases may compromise privacy or health and safety.

The complexity and clarity of internal and external requirements impacts an organization's ability to comply, and therefore influences the degree of exposure to risk. Compliance risk may be mitigated if external third parties or government sectors are required to perform independent monitoring or audits.

Consideration should be given to:

- Crisis management (i.e., health-related pandemics, mass public violence, natural disasters)
- People and equity (i.e., diversity and inclusion, mental health awareness, harassment)
- Climate change (i.e., reducing the carbon footprint, risks to infrastructure)
- Health and safety

3) **SUSCEPTIBILITY TO FRAUD, WASTE, OR OTHER WRONGDOING**

The Disclosure of Wrongdoing and Reprisal Protection policy, part of the Toronto Public Service By-law (Chapter 192), includes a duty for employees to report allegations of wrongdoing. Specifically, the By-law requires:

- all City employees who are aware that wrongdoing has occurred to immediately notify their manager, their Division Head, or the Auditor General's Office
- allegations of wrongdoing received by Division Heads, Deputy City Managers, or the City Manager to be immediately reported to the Auditor General
- employees who report wrongdoing in good faith are to be protected from reprisal

Exposure to potential losses from fraud, waste, or other wrongdoing may be impacted by various factors, including the degree of:

- pressure on employees to achieve performance goals
- opportunities from weak internal controls (e.g., inadequate segregation of duties) or management override of controls
- liquidity of assets
- potential conflicts of interest or collusion

Fraud and wrongdoing in the following areas have been identified in recent years:

- irregular procurement practices
- misuse of City resources
- subsidy claim fraud
- employee benefits fraud
- sick leave abuse / overtime
- conflict of interest

An effective way to deal with fraud or other wrongdoing is to identify and document fraud risks. In the consideration of risk, it is important to assess the extent of fraud or other wrongdoing that has occurred and the adequacy of fraud prevention and awareness activities. Fraud risks are not limited to theft and misappropriation of cash or physical assets but should consider emerging and historic trends in the program area.

4) COMPLEXITY AND SIGNIFICANT CHANGES IN OPERATIONS AND SERVICE DELIVERY

The degree of risk is influenced by the complexity, size, scope, and magnitude of a unit's operations, activities, and service delivery. Units may deal with a high volume of transactions and/or a portfolio of programs and services of varying size and complexity, the people, process, and technology to support them, and all the related regulations.

The complexity of a unit's operations must be considered within the context of interdependencies and agreements with third parties, (i.e., general contractors, subcontractors, housing providers, etc.), divisions, agencies, and corporations, and the City as a whole. It may be difficult to establish clear accountability for process and control ownership, and alignment of risk decisions and tolerances.

In addition, structural changes, reorganizations, changes in third-party relationships, and key management turnover can all potentially increase risks for established operations.

5) ALIGNMENT OF STRATEGIC / BUSINESS / SERVICE PLANNING

The development and implementation of strategic and long-term business plans define the key initiatives and priorities of a unit. A Division/Agency/Corporation's business plan links funding requirements to organizational goals and objectives in the short-term (annual) and for a longer-term period (three to five years).

These plans also establish the formal goals and objectives for the organization and communicating them to staff. This allows staff to develop performance objectives which are aligned with the organizational objectives. Both personal and organizational objectives should include measurable performance targets and indicators.

Without clearly defined goals, objectives, performance measures/targets, and outcomes, it is not possible to track and evaluate the effectiveness of a unit. It is important that the outcomes set are also aligned with the City's goals and help the City to move forward. Also, without a periodic refresh, and continuously measuring outcomes, the strategic plan and business plans may lose relevance, increasing the risk that operations will not meet stakeholder expectations.

6) STAFFING LEVELS & ORGANIZATION COMPETENCE

There must be sufficient personnel with appropriate experience, capability and training to manage day-to-day operations in accordance with policies and procedures, make decisions, and maintain internal controls. To limit organizational exposure, these individuals need to understand their roles and responsibilities and be accountable for their actions or lack thereof.

Changes in an organization's management personnel, structure or systems influence risk. For example:

- Reorganization of responsibilities and activities can result in significant changes that compromise the internal control environment.
- Significant downsizing, inadequate succession planning, and process reengineering efforts may also increase risks if there are inadequate protocols in place to transfer knowledge or the control environment is not carefully analyzed and preserved. For example, adequate levels of authorization balanced with adequate segregation of duties.
- Every new election may present new City Council priorities that may impact existing systems or processes.

7) FINANCIAL EXPOSURE (MATERIALITY AND IMPACT)

Large dollar amounts either flowing through a system or committed to an activity or project will increase financial risk. Any potential financial loss (impact) depends on the dollar value of revenues and / or expenditures that a program manages.

Financial risks can also impact the adequacy of City reserve and reserve fund balances which are Council-approved:

- for planned future expenditures
- to protect the City against unbudgeted or unforeseen events
- to smooth out future program expenditures which may fluctuate from one year to the next, or
- to accumulate funds for future capital expenditures or irregular or occasional expenses (such as municipal elections every four years)

It is also important to note that some Divisions may have relatively small operating / capital budgets but are responsible for managing or administering significant funds (i.e., Engineering &

Construction Services, Accounting Services (Accounts Payable, Accounts Receivable), Pension, Payroll and Employee Benefits – Employee Benefits, Revenue Services (Property Tax Collection, Water Billings, etc.)). These represent "at risk" dollars that need to be considered when assessing financial risk.

8) CONTRACTUAL EXPOSURE

All contracts present some level of risk. Risks can be increased or mitigated by the manner in which contracts for service providers and suppliers are procured and managed. Contract risk exposure is impacted by the degree to which:

- oversight of procurement has been centralized (i.e., through the Purchasing and Materials Management Division)
- compliance with procurement policies
- formal, open, competitive procurement processes are used
- wording of contract deliverables, outcomes, and any consequences for non-performance, etc. is clearly defined and clearly understood by all parties
- irregular purchasing activities have been identified
- contract management practices have been implemented by knowledgeable staff
- potential conflicts of interest have been identified and addressed

9) ADEQUACY OF POLICIES, PROCEDURES, PROCESSES AND CONTROLS

Policies and procedures should be in place so that activities efficiently and effectively support the achievement of an organization's objectives in a consistent manner. Policies and procedures need to be communicated so that staff understand what is expected of them and the scope of their freedom to act. Authority, responsibility, and accountability should be clearly defined so that the appropriate people make decisions and take action.

Even if policies and procedures are well-defined, processes must be in place to monitor adherence with requirements and address instances of isolated and/or recurring non-compliance in a timely manner.

10) PUBLIC AND POLITICAL INTEREST (INCLUDING ADVERSE PUBLICITY)

Events can occur which erode public confidence in the City of Toronto. As the level of visibility, political and/or public interest, or potential for public embarrassment increases, the degree of exposure will increase. The amount of interest that Council expresses in a particular unit or function could also impact this factor.

Appendix 3: Reports Issued From 2020 to 2024

2024

1. Toronto Building Division: Audit of **Intake and Plan Review of Applications for Building Permits**
2. **Investigation into Allegations of Reprisal for Reporting a Conflict Interest**
3. Audit of **Short-Term Rental Program and Municipal Accommodation Tax: Strengthening Bylaw Enforcement and Enhancing Municipal Accommodation Tax Collection Processes**
4. **Toronto Paramedic Services – Rising Response Times** Caused by Staffing Challenges and Pressures in the Healthcare System
5. **Cybersecurity Audit of Toronto Hydro: Overall Network Security and Cybersecurity Assessment of Select Critical Systems**
6. **Cybersecurity Audit of Toronto Community Housing and Toronto Seniors Housing Corporations – Phase One: Overall Network Security and Cybersecurity Assessment of Select Critical Systems**
7. Reinforcing the Importance of Openness, Fairness and Transparency in **City Procurement: An Audit of the Procurement and Implementation of the PayIT Unsolicited Proposal**
8. Audit of **Parks Branch Operations – Phase One: Improving Oversight of Day-to-Day Maintenance** Helps to Ensure City Parks are Beautiful, Clean and Safe
9. **Cybersecurity Audit of Toronto Community Housing and Toronto Seniors Housing Corporations – Phase Two: User Access Management and Event Logging**
10. Technology Services Division: Audit of **Software Acquisition & Licence Management – Managing and Optimizing Value From Software Licences**

2023*

1. Building Better Outcomes: Audit of Toronto **Building’s Inspection** Function
2. A Review of the **Procurement and Award** of the **Winter Maintenance** Performance-Based **Contracts**
3. **Winter Maintenance Program Follow-Up: Status of Previous Auditor General’s Recommendations & Processes to Hold Contractors Accountable to New Contract Terms**
4. City of Toronto’s **Modular Housing Initiative: The Need to Balance Fast Delivery with Stronger Management of Contracts and Costs**
5. **Investigation into Allegations of Wrongdoing Regarding Building Inspections of 2 Houses**
6. Audit of **Toronto Transit Commission’s Streetcar Overhead Assets: Strengthening the Maintenance and Repair Program to Minimize Asset Failures and Service Delays**
7. **Toronto Transit Commission Cybersecurity Audit Phase Two: Overall Network Security and Cybersecurity** Assessment of Select Critical Systems
8. Audit of the **Enterprise Work Management Solution (EWMS): Lessons Learned for Future Large Information Technology Projects**

** The number of reports tabled in 2023 was impacted by several factors. During 2023, the Auditor General's Office was impacted by unanticipated staff leaves, turnover, and vacancies. These staffing constraints led to certain projects in the Work Plan being delayed or deferred. The Auditor General's Office has successfully hired new staff and reached near full staff complement in Q4 2023. However, with approximately one quarter of the Office having been newly hired in 2023, onboarding and supervision, coaching, and on-the-job training of new staff required more time from senior staff, as well as time for the new staff to attend training courses. 2023 was also a year of transition, as the new Auditor General started December 17, 2022, and new contracts for vendors (e.g., cybersecurity experts) were required. The Office's approach on reporting the results of investigations varies, which impacts the number of investigation reports issued in a given year. In 2023, the Office issued one public investigation report. Some of the other investigations completed are expected to*

be reported through the 2023 Fraud and Waste Hotline Annual Report. (In comparison, the Office issued standalone investigation reports in prior years as follows: 2022: 1; 2021: 4; 2020: 3).

2022**

1. Revisiting Legacy **Rental Replacement Policies** to Align them with the City's Affordable Rental Housing Expectations
2. Part 1 of the Audit of **Emergency Shelters: A Focus on Case Management**
3. Part 2 of the Audit of **Emergency Shelters: Lessons Learned from Hotel Operations**
4. Auditor General's **Cybersecurity Review: Toronto Fire Services Critical Systems Review Phase 2**
5. Auditor General's Cybersecurity Review: **Open-Source Internet Data Intelligence Review**
6. **Toronto Transit Commission Cybersecurity Audit Phase 1: Critical IT Assets and User Access Management**
7. Toronto Police Service - Audit of **9-1-1 Public Safety Answering Point Operations**
Better Support for Staff, Improved Information Management and Outcomes
8. Review of **Toronto Police Service** - Opportunities to Support More Effective **Responses to Calls for Service**
9. **Installation and Maintenance of Traffic Signs Contract** - Follow up on Complaints Received

*** Fewer reports were tabled in 2022 because there was no Audit Committee meeting in the second half of 2022 due to the municipal election.*

2021

1. Getting to the Root of the Issues: A Follow-Up to the 2019 **Tree Maintenance Services** Audit
2. Toronto Business Improvement Areas (**BIAs**) **Accounts Payable Fraud Investigation**
3. Information Technology Projects Implementation: **Information Privacy and Cybersecurity Review of Human Resource System**
4. **Cybersecurity Incidents at the City and its Agencies and Corporations: Integrated Incident Response Plan is Needed**
5. **Winter Road Maintenance Program** - Phase 2 Analysis: **Deploying Resources**
6. **Toronto Police Service** Information Technology (IT) Infrastructure: **Cyber Security Assessment Phase 1**
7. City Needs to Improve **Software License** Subscription Tracking, Utilization and Compliance
8. **Supplementary Report: City Needs to Improve Software License** Subscription Tracking, Utilization and Compliance
9. Challenges in **Contract Management** - Auditor General's Review of the Corporate Real Estate Management Division
10. Investigation into **Allegations of Reprisal: Insufficient Evidence to Support Reprisal**
11. Results of Agreed-Upon Procedures to Assess **Controls over Pay and Display Credit Card Revenues**
12. Auditor General's Cybersecurity Review: **Toronto Fire Services Critical Systems Review**
13. **Toronto Water Supervisory Control and Data Acquisition (SCADA) System Security: Results of the Follow-Up of Previous Audit Recommendations**
14. **Toronto Community Housing Corporation** - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of **Contracted Property Management Services**

2020***

1. **Cyber Safety** – Critical Infrastructure Systems: **Toronto Water SCADA System**
2. Audit of **Winter Road Maintenance Program** – Phase One: **Leveraging Technology** and Improving Design and **Management of Contracts to Achieve Service Level Outcomes**

3. Employee **Health Benefits Fraud** Involving a Medical Spa
4. Strengthening Accountability and **Outcomes for Affordable Housing**: Understanding the Impact of the Affordable Home Ownership Program
5. Continuous Controls Monitoring Program: Opportunities to **Reduce Cost of Dental Benefits**
6. Review of 260 Eighth Street **Land Transaction**: No Wrongdoing Identified
7. Toronto **Building** Division: **Conditional Permits** – Follow-up Investigation

****The COVID-19 pandemic delayed some audits temporarily and other audits were deferred due to the impact on operations and City staff time. This impacted the typical annual volume of audit and investigation reports for 2020. We leveraged this time to conduct our 2020 City-Wide Risk and Opportunities assessment, implement a new electronic audit management and audit recommendations follow-up system, and also continued with the roll out of a new complaint management system. These modernization initiatives set the Auditor General's Office up well, not only for remote work during the current period with COVID-19, but also for the longer term.*

**AUDITOR
GENERAL**

TORONTO