

## **Update on Auditor General's Office 2026 Work Plan Related to City Council Request for SmartTrack Investigation**

**Date:** January 29, 2026

**To:** Audit Committee

**From:** Auditor General

**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

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The attachment to this report contains commercial information, supplied in confidence to the City of Toronto, 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.

The attachment to this report contains information explicitly supplied in confidence to the City of Toronto by the Province of Ontario.

### **SUMMARY**

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The purpose of this report is to update the Audit Committee on the Auditor General's decision in considering City Council's request to include an investigation into SmartTrack implementation in her 2026 Work Plan, and to report back on any required changes to the timeline of other work in her Work Plan. The report also provides some background information and an event chronology (Attachment 1) related to the SmartTrack program.

For background, the SmartTrack program's scope has decreased and changed over the past 10 years. In 2015, the then Mayor initially envisioned 13 new stations (and nine existing GO stations for 22 station stops total). City Council later approved six new stations in 2016, as recommended in a staff report following a detailed technical analysis. In 2021, the number of stations was reduced to five stations. Subsequently, due to cost pressures on the SmartTrack program, the provincial government committed \$226 million in funding in June 2023 to deliver the five-station scope. In late 2024, to address additional cost pressures identified by the Province, City Council approved

deferring two of the five stations. No further funding was made available by the City or provincial or federal levels of government.

In considering City Council's request, the Auditor General and her staff met with the City's Transit Expansion Division, and reviewed relevant agreements, documents, and information to better understand the roles and responsibilities of the City, Province and Metrolinx for the SmartTrack program, as well as potential risks and issues.

The City's Transit Expansion Division acts as a project facilitator and coordinates between all City divisions, the TTC, Metrolinx, and other orders of government. Metrolinx's role in the SmartTrack program includes delivering the program by designing and building the SmartTrack stations.

Typically, the City oversees a vendor and holds them accountable for service deliverables and timelines through managing an agreement with them, which could include incentives and consequences. However, Metrolinx is a Provincial agency and not a typical vendor of the City.

The SmartTrack program's stations are being built on the GO Transit rail corridors owned by Metrolinx, impacting its existing GO routes/schedules/stations. As such, Metrolinx has the unique position of acting as the rail authority and can close rail lines and divert trains to build SmartTrack stations. Consequently, Metrolinx is leading the SmartTrack program as the City's delivery agent. This means Metrolinx oversees all aspects of SmartTrack from contractor procurement to deciding how best to use and manage City-provided funds. Since Metrolinx is an agency from a higher order of government, the Province of Ontario, the City sometimes has limited visibility into Metrolinx's decisions.

The City's SmartTrack Main Agreement with Metrolinx does require regular reporting from Metrolinx to the Transit Expansion Division on the delivery of the program, requires Metrolinx to obtain the City's approval for any design and construction of City infrastructure, and also provides an established tiered governance structure for potential escalation, including up to the Province. However, the City must rely on its relationship with Metrolinx to address any SmartTrack delivery and schedule issues.

In the Auditor General's view, she could provide the greatest value in auditing the SmartTrack program by auditing Metrolinx. The audit could examine whether any cost escalations over the past few years could have potentially been prevented through better planning and efficiencies by Metrolinx. The audit could also examine how SmartTrack program funding is used, and potentially how Metrolinx manages procurements and contracts.

However, since the City does not have an audit clause in its agreement with Metrolinx and it is a provincial agency, the Toronto Auditor General does not have the authority or mandate to conduct an audit or investigation of Metrolinx. Currently, the Ontario Auditor General has the authority to conduct an audit of Metrolinx. A recommendation is included in this report to consider adding an audit clause in the agreements between the City and Metrolinx when a majority of the capital funding is being provided by the City of Toronto.

Currently, the Toronto Auditor General could only examine the role of the City's Transit Expansion Division in the SmartTrack program. In the Auditor General's view, auditing the Transit Expansion Division would not adequately address the risks and potential issues of the SmartTrack program or City Council's request, as it would not be able to investigate how the funding is used, nor how Metrolinx manages procurements and contracts related to the SmartTrack program.

Therefore, no changes have been made to the Auditor General's 2026 Work Plan for this request. If the City's contractual right to audit Metrolinx changes in the future, this could be reconsidered at that time.

## **RECOMMENDATIONS**

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The Auditor General recommends:

1. City Council request the City Manager, in consultation with Legal Services, to consider including an audit clause in agreements between the City of Toronto and Metrolinx when a majority of the capital funding is being provided by the City of Toronto, to allow the City of Toronto the right to audit Metrolinx's records related to meeting the deliverables and terms of the agreements.
2. City Council direct that Confidential Attachment 1 to this report (January 29, 2026) remain confidential in its entirety as it contains commercial information supplied in confidence to the City of Toronto, 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, and contains information explicitly supplied in confidence to the City of Toronto by the Province of Ontario.

## **FINANCIAL IMPACT**

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The recommendation in this report has no financial impact.

## **DECISION HISTORY**

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On November 12, 2025 City Council amended [AU10.1 - Auditor General's Office 2026 Work Plan and Budget Highlights](#) to have City Council request the Auditor General to consider including an investigation into SmartTrack implementation in the Auditor General's 2026 Work Plan, and to report back to the February 12, 2026 Audit Committee meeting on any required changes to the timeline of future work plan investigations.

Under the *City of Toronto Act*<sup>1</sup>, 2006, the role of 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), the Auditor General is “responsible for assisting city council in holding itself and its administrators accountable for the quality of stewardship over public funds and for the 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.

Chapter 3 subsection 3-3.4 of the Toronto Municipal Code<sup>2</sup> states that:

“A. The Auditor General shall submit an annual plan to Council.

B. No deletions or amendments to the annual audit plan shall be made except by the Auditor General.

C. Despite Subsection B, Council may add to the annual audit plan by a two-thirds vote of all Council members.”

## COMMENTS

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The Auditor General considered City Council's request to include an investigation into SmartTrack implementation in her 2026 Work Plan. After careful consideration the Auditor General has determined that an investigation into the SmartTrack implementation will not be added to her 2026 Work Plan and therefore no changes to the timeline of future work in her Work Plan are necessary.

### SmartTrack Program Background

The SmartTrack program was initiated by the then Mayor of Toronto with the aim to expand transit access for people travelling within and beyond the City while reducing traffic congestion and emissions in the region. As part of Metrolinx's<sup>3</sup> GO Expansion

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<sup>1</sup> *City of Toronto Act*, 2006, S.O. 2006, c. 11, Sched. A | ontario.ca

<sup>2</sup> Toronto Municipal Code Chapter 3

<sup>3</sup> An agency of the Ontario Government under the *Metrolinx Act*, 2006.

Program (a major transportation infrastructure initiative to expand the GO rail network), the SmartTrack program was planned to deliver new GO Stations on existing GO train lines to expand the City's connection internally and to the regional commuter service.

For background, the SmartTrack program's scope has decreased and changed over the past 10 years. In 2015, the then Mayor initially envisioned 13 new stations (and nine existing GO stations for 22 station stops total). City Council later approved six new stations in 2016, as recommended in a staff report following a detailed technical analysis.

In 2021, the number of stations was reduced to five stations. Two previously contemplated SmartTrack stations, Lawrence-Kennedy and Gerrard-Carlaw, were removed because they were replaced by two new stations being funded and delivered by the Province as part of the Subway Program (Lawrence Station on the Scarborough Subway Extension and Gerrard Station on the Ontario Line, respectively). At the same time the Bloor-Lansdowne station was added as part of the SmartTrack program. Subsequently, due to cost pressures on the SmartTrack program, the provincial government committed \$226 million in funding in June 2023 to deliver the five-station scope.

In late 2024, to address additional cost pressures identified by the Province, City Council approved deferring two stations (Finch-Kennedy and King-Liberty) and prioritizing the remaining three stations (East Harbour, Bloor-Lansdowne, and St. Clair-Old Weston). No further funding was made available by the City or provincial or federal levels of government.

The City committed funding in April 2018 based on a plan to build six stations. City Council adopted [EX33.1 – Implementation of the SmartTrack Stations Program and the Metrolinx Regional Express Rail Program](#) with amendments and approved a contribution of up to \$1.463 billion for the SmartTrack Stations Program (including an expected offset of \$585 million in federal funding). It also authorized the then City Manager and then Mayor to negotiate, approve, and execute any agreements necessary to implement the SmartTrack Program.<sup>4</sup> In April 2022 the federal government approved a commitment of \$585 million in funding. The provincial government later committed \$226 million in funding in June 2023 to help cover cost escalations. This brings the total funding for the SmartTrack program to \$1.689 billion.

Since costs escalated over the past several years and no further funding appears available to be committed, it will be important for all stakeholders to manage the financial risk exposure to avoid further reducing the project scope and to achieve its planned objectives.

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4 Agenda Item History - 2018.EX33.1

## Auditing the SmartTrack Program

The Auditor General met with the Transit Expansion Division to determine if there would be value in auditing the Division, and to better understand the roles and responsibilities of the City, Province, and Metrolinx.

The SmartTrack program's stations are being built on the GO Transit rail corridors owned by Metrolinx. As such, Metrolinx has the unique position of acting as the rail authority, and can close rail lines and divert trains to build SmartTrack stations. Consequently, Metrolinx is leading the SmartTrack program as the City's delivery agent. This means Metrolinx oversees all aspects of SmartTrack from contractor procurement to deciding how best to use and manage City-provided funds. Since Metrolinx is an agency from a higher order of government, the Province of Ontario, the City sometimes has limited visibility into Metrolinx's decisions, as they are not a typical vendor.

To ensure the City has visibility into the delivery of the SmartTrack program, City staff negotiated and executed an agreement with Metrolinx in accordance with Council direction. The SmartTrack Main Agreement and the preceding Council-approved Term Sheet both outline each party's roles and responsibilities. These documents state that Metrolinx is responsible for managing and supervising all construction activity related to the SmartTrack program. This restricts the Transit Expansion Division's involvement with how Metrolinx manages and uses City-provided funding.

However, the SmartTrack Main Agreement does require regular reporting from Metrolinx to the Transit Expansion Division on the delivery of the program and requires Metrolinx to obtain the City's approval for any design and construction of City infrastructure, amongst other matters. The SmartTrack Main Agreement also includes a tiered governance structure between the parties help the Transit Expansion Division oversee Metrolinx and the SmartTrack program to protect the City's interests and priorities. This structure includes:

- City and Metrolinx staff working groups, and a SmartTrack Program Steering Committee, to discuss and help resolve issues
- The Toronto-Ontario Program Committee, to resolve escalated issues
- The Toronto-Ontario Transit Executive Committee, comprising the highest authorities from all parties to address unresolved issues
- The Ontario-Toronto Transit Partnership Committee, a collaborative forum to establish the City and Province's roles and responsibilities in implementing major transit initiatives in Toronto

In the Auditor General's view, the value of a performance audit would be to audit Metrolinx and whether any cost escalations over the past few years could potentially have been prevented through better planning and efficiencies.

The SmartTrack Main Agreement between the City of Toronto and Metrolinx does not include an audit clause to allow the Auditor General of Toronto to conduct an audit of Metrolinx related to fulfilling its deliverables and the terms of the SmartTrack Main Agreement. Under the *Metrolinx Act, 2006*, only the Provincial Auditor General or

Minister-appointed licenced public accountant can audit Metrolinx's accounts and transactions.<sup>5</sup>

Currently, if the Auditor General were to conduct an audit of the SmartTrack program through the Transit Expansion Division, the audit would have a limited scope of examining the Transit Expansion Division's efforts in overseeing and facilitating processes related to transit expansion and upholding the City's interests and priorities. This type of limited audit would not give the Auditor General authority to investigate how the funding is used, nor how procurements and contracts related to the SmartTrack program are managed by Metrolinx.

Attachment 1 provides a chronology of events related to the SmartTrack program.

## **CONTACT**

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Matthew Crisafulli, Senior Audit Manager, Auditor General's Office  
Tel: 416-392-2665, E-mail: [Matthew.Crisafulli@toronto.ca](mailto:Matthew.Crisafulli@toronto.ca)

## **SIGNATURE**

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Tara Anderson  
Auditor General

## **ATTACHMENTS**

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Appendix 1: Management's Response to the Auditor General's Report Entitled: "Update on Auditor General's Office 2026 Work Plan Related to City Council Request for SmartTrack Investigation"

Confidential Attachment 1

Attachment 1 - Chronology of Events: SmartTrack

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<sup>5</sup> Metrolinx Act, 2006, S.O. 2006, c. 16 - Paragraph 26

**Appendix 1: Management's Response to the Auditor General's Report Entitled:  
"Update on Auditor General's Office 2026 Work Plan Related to City Council  
Request for SmartTrack Investigation"**

**Recommendation 1: City Council request the City Manager, in consultation with Legal Services, to consider including an audit clause in agreements between the City of Toronto and Metrolinx when a majority of the capital funding is being provided by the City of Toronto, to allow the City of Toronto the right to audit Metrolinx's records related to meeting the deliverables and terms of the agreements.**

<b>Management Response:</b> <input checked="" type="checkbox"/> <b>Agree</b> <input type="checkbox"/> <b>Disagree</b>
<b>Comments/Action Plan/Time Frame:</b>  The City Manager agrees with the Auditor General's recommendation and will consider within the negotiations with Metrolinx including an audit clause in any agreements between the City of Toronto and Metrolinx when a majority of capital funding is being provided by the City of Toronto, including for the SmartTrack Program to allow the City of Toronto the right to audit Metrolinx's records related to meeting the deliverables and terms of the agreements.