



STAFF REPORT ACTION REQUIRED

Auditor General's Office – 2009 Budget

Date:	October 14, 2008
To:	Audit Committee
From:	Jeff Griffiths, Auditor General, Auditor General's Office
Wards:	All
Reference Number:	

SUMMARY

This report provides information relating to the 2008 budget for the Auditor General's Office and a recommended budget for approval by the Audit Committee.

The Auditor General's 2009 budget request is for \$4,336,074 which is \$66,445, (1.6 per cent) greater than the Office's 2008 Council approved budget.

RECOMMENDATION

The Auditor General recommends that:

1. The Audit Committee approve the attached 2009 budget for the Auditor General's Office and forward it to the Budget Committee.

FINANCIAL IMPACT

The 2009 budget request for the Auditor General's Office is \$4,336,074 which is \$66,445 in excess of the 2008 final budget of \$4,269,629. The proposed budget contains audit fees in the amount of \$440,755 relating to the external financial audit. The Auditor General has no control over the external audit fees paid to the external audit firms as the amount is pre-determined based on the Council approved two-year contract extension for fiscal years 2008 and 2009.

An analysis of the budget request is as follows:

	2009 Budget Request	2008 Approved Budget	Increase	%
Budget	\$4,336,074	\$4,269,629	\$66,445	1.6

The majority of the Auditor General’s 2009 budget request consists of salaries and benefits. If the amount of \$440,755 for external audit fees is excluded from the budget of the Auditor General’s Office, the percentage of the salaries and benefits to the total budget is just over 96 per cent.

ISSUE BACKGROUND

In May 2002, City Council approved an independent Auditor General’s Office for the City of Toronto. *The City of Toronto Act, 2006* has subsequently formalized the establishment of the Auditor General. Section 177 of the act requires that “The City shall appoint an Auditor General”.

The Auditor General’s Office reports directly to Council through the Audit Committee, and, as such, is independent from management. As an independent office, the Auditor General submits an annual audit work plan to the Audit Committee for review and an annual budget for review and approval.

Consequently, this budget has been forwarded directly to the Audit Committee without a detailed review by the City’s Financial Planning Division. This process was approved by City Council in 2001.

Detailed information relating to the 2009 budget is contained in the attached document, entitled “Auditor General’s Office – 2009 Budget”.

COMMENTS

The 2009 budget request for the Auditor General’s Office is \$4,336,074 as contained in the attached document (Appendix 1).

The major component of the 2009 budget is salaries and benefits, which represent 96 per cent of the budget (excluding external financial audit fees).

The Auditor General is responsible for evaluating City programs, activities and functions of Departments, Agencies, Boards, Commissions, and the Offices of the Mayor and Members of Council. Reviews, investigations and audits conducted by the Auditor General’s Office have benefited the City of Toronto in a variety of ways.

Audit recommendations identify ways to:

- maximize City revenues or identify opportunities for new revenues or cost savings;
- manage or utilize City resources, including public funds, personnel, property, equipment and space in an economical and efficient manner; and
- identify causes of inefficiencies or uneconomical practices, including inadequacies in management information systems, internal and administrative procedures, organizational structure, use of resources, allocation of personnel, purchasing policies and equipment.

Audits assist management to:

- safeguard assets;
- check the accuracy and reliability of accounting data;
- detect unauthorized transactions and unauthorized access to assets that could result in unauthorized acquisitions, use or disposition of assets;
- ensure compliance with laws, regulations, policies, procedures, or generally accepted industry standards; and
- achieve the desired program results.

In addition, the Auditor General's Office, as one of its responsibilities, operates the Fraud and Waste Hotline Program. In regard to the operation of the Fraud and Waste Hotline Program, the Auditor General prepares an annual report on the Program. This report will be submitted to the next Audit Committee.

While certain audit reports have resulted in tangible cost savings, the more important benefits provided relate to the avoidance of future costs, as well as the protection of City assets. Nevertheless, tangible annual cost savings have occurred and continue to occur, as a result of the work conducted by the Auditor General.

In a report to Audit Committee dated January 28, 2008 entitled "Auditor General's Audit Reports – Benefits to the City of Toronto – Annual Update", it was reported to the Audit Committee that the actual potential net savings (after accounting for the annual budgets of the Office) for the period 2003 to 2007 were in the range of \$82 million.

CONTACT

Jerry Shaubel, Director, Auditor General's Office

Tel: (416) 392-8462, Fax: (416) 392-3754, E-Mail: JShaubel@toronto.ca

Steve Harris, Senior Audit Manager, Auditor General's Office

Tel: (416) 392-8460, Fax: (416) 392-3754, E-Mail: SHarris@toronto.ca

SIGNATURE

Jeff Griffiths, Auditor General

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ATTACHMENTS

Appendix 1 – Auditor General's Office – 2009 Budget