



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

Auditor General's Office 2016-2025 Capital Budget and Plan

Date:	October 1, 2015
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

This report provides information relating to the 2016-2025 Capital Budget and Plan requirements for the Auditor General's Office. The Auditor General's request is for \$0.244 million, over the 10 year period for implementation of a software solution that will provide an audit, complaint and investigation management system.

City Council, at its meeting March 10, 2015, approved the 2015-2024 Capital Budget and Plan for the Accountability Officers, which included \$0.451 million in 2015 and \$0.244 million in 2016 for the Auditor General's Office.

The 2015-2024 plan included a request for \$565,000 to be funded over a two year period, \$451,000 in 2015 and \$114,000 in 2016. This amount was for the development of a replacement fraud and waste complaint management system for the Auditor General's Forensic Unit. The plan also included \$130,000 in 2016 for audit management software. The audit management software will improve staff efficiency in completing audits and result in the ability for staff to conduct and complete more audits.

The 2015 approved amount enabled the Auditor General to commence acquisition of an Audit, Complaint and Investigation Management System. The Auditor General's Office is currently in the process of issuing an RFP to source this system solution. Implementation of this software application is expected in the first quarter of 2016.

The Audit, Complaint and Investigation Management System replaces the outdated complaint management database and automates working papers and risk management processes that will help to maximize the efficiency and effectiveness of the Office.

RECOMMENDATION

The Auditor General recommends that:

1. Audit Committee approve the Auditor General's Office 2016-2025 Capital Budget and Plan at \$0.244 million with cash flows of \$0.244 million in 2016 and forward it to Budget Committee.

Financial Impact

Approval of this request will confirm the inclusion of \$0.244 million, approved in 2015, in the City of Toronto's 2016 Capital Budget.

COMMENTS

In May 2002, City Council approved an independent Auditor General's Office for the City of Toronto. *The City of Toronto Act, 2006* (the Act) subsequently formalized the establishment of the Auditor General. Section 177 of the Act requires that "The City shall appoint an Auditor General".

*Section 178 of the Act states that "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.**"*

In a report to the Audit Committee dated February 6, 2015 entitled "Demonstrating the Value of the Auditor General's Office", it was reported that the actual potential net savings for the period 2010 to 2014 were in the range of \$235.6 million. The next annual report, updated for 2015 audits, will be tabled with the Committee at its first meeting in 2016.

<http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=8f58f58c18921310VgnVCM100003dd60f89RCRD&vgnextchannel=00c3e03bb8d1e310VgnVCM10000071d60f89RCRD>

The Auditor General's responsibility to audit the stewardship of public funds and value for money is complemented by her responsibility to operate the Fraud and Waste Hotline Program. The Auditor General's Office has been administering the Fraud and Waste Hotline Program since its inception in 2002 and established a dedicated Forensic Unit in 2005. The Auditor General's responsibility to conduct investigations and provide independent oversight through the operation of the Hotline Program was reinforced by Council through its adoption of a Toronto Public Service By-law, at its meeting of June 10-11, 2014. The by-law introduced a new Disclosure of Wrongdoing framework.

CONCLUSION

The Auditor General's Office assists 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 by performing audits. In addition, the Auditor General's Office Forensic Unit administers the City's Hotline Program. The Forensic Unit is responsible for conducting investigations and providing oversight related to investigations referred to management.

This capital request supports implementation of a software solution that will provide an audit, complaint and investigation management system.

The Audit, Complaint and Investigation Management System will provide the Auditor General's Office with an essential tool to manage Hotline Program complaints, and an automated solution for audit management and documentation. This software application will enable the Auditor General's Office to achieve significant operational efficiencies, improve quality control, and reduce administrative and manual processes, enabling staff to meet future demand for Hotline Program complaint investigations and audit work and to keep pace with the industry.

CONTACT

Jerry Shaubel, Director

Tel: (416) 397-8462, Fax: (416) 392-3754, E-Mail: jshaubel@toronto.ca

Carmelina Di Mondo, Director, Auditor General's Office

Tel: (416) 397-7625, Fax: (416) 392-3754, E-Mail: cdimond@toronto.ca

Akrivi Nicolaou, Audit Manager, Auditor General's Office

Tel: (416) 392-0057, Fax: (416) 392-3754, E-Mail: anicola@toronto.ca

SIGNATURE

Beverly Romeo-Beehler, Auditor General