

**Presentation to Audit Committee
October 23, 2015**

Re: EX12.2b

**Beverly Romeo-Beehler
Auditor General**

**Auditor General's Office
2016 Operating Budget Request
and 2016 Audit Work Plan**

Mandate of the Auditor General

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
- the *achievement of value for money* in city operations

s.178(1) COTA

Three Lines of Business

Performance audits of programs, operations & information technology.

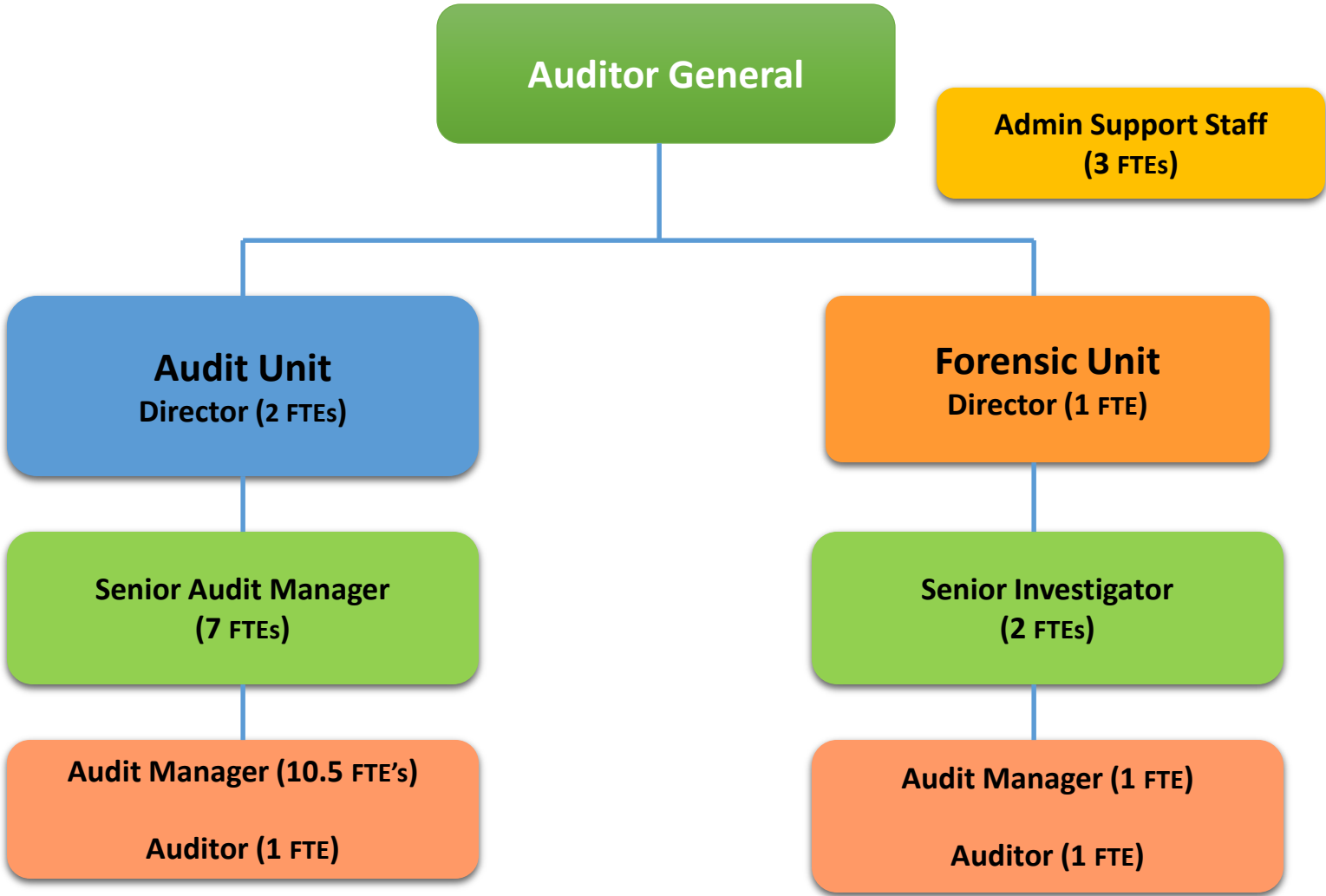
Audits of financial controls & compliance with regulations & policies.



External Financial Statement Audit
Contract Management

AG Office Organization Chart

29.5 FTEs



Key Messages

1. Results
2. Budget Request
3. Opportunities

Results: 2015 Reports

• 16 Audit Reports

- Examples include:

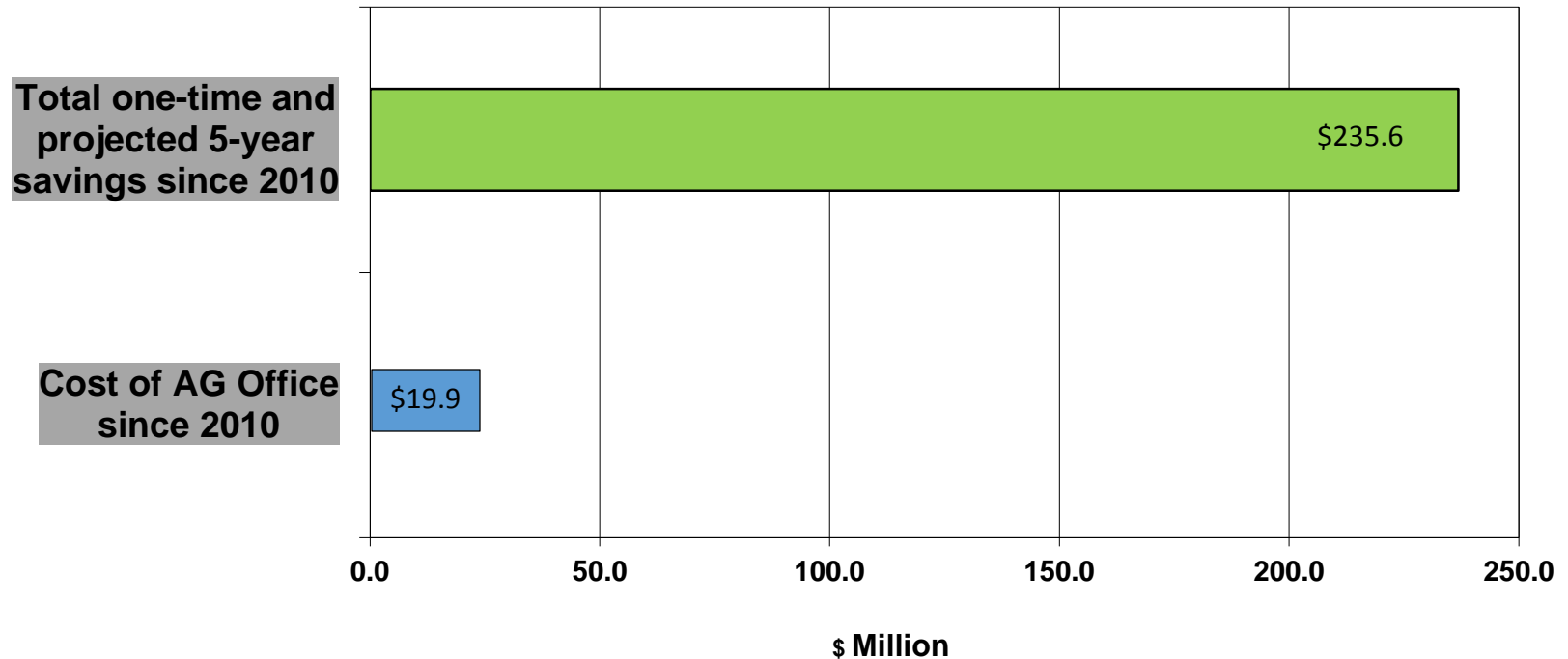
- Toronto Transit Commission Non-Revenue Vehicles **Fuel Card Controls**
- Improving the Administration of City Training Programs
- Improving **Property Tax Assessment** and Payment in Lieu of Taxes
- Maximizing Value from the Learning Management System
- Management of the **City's Long Term Disability Benefits** – Phase One
- Toronto Parking Authority Phase 1: Audit of **Real Estate Activities**
- Implementing an Integrated City-wide **Risk Management** Framework
- Operational Review of Invest Toronto

• 8 Other Reports

- Examples Include:

- Risk Assessment
- Fraud & Waste Hotline
- Annual Work Plan
- Annual Recommendation Follow-up Reports
- AGO Benefits Report
- Continuous Controls Monitoring Reports

Return on Investment: 2010-2014



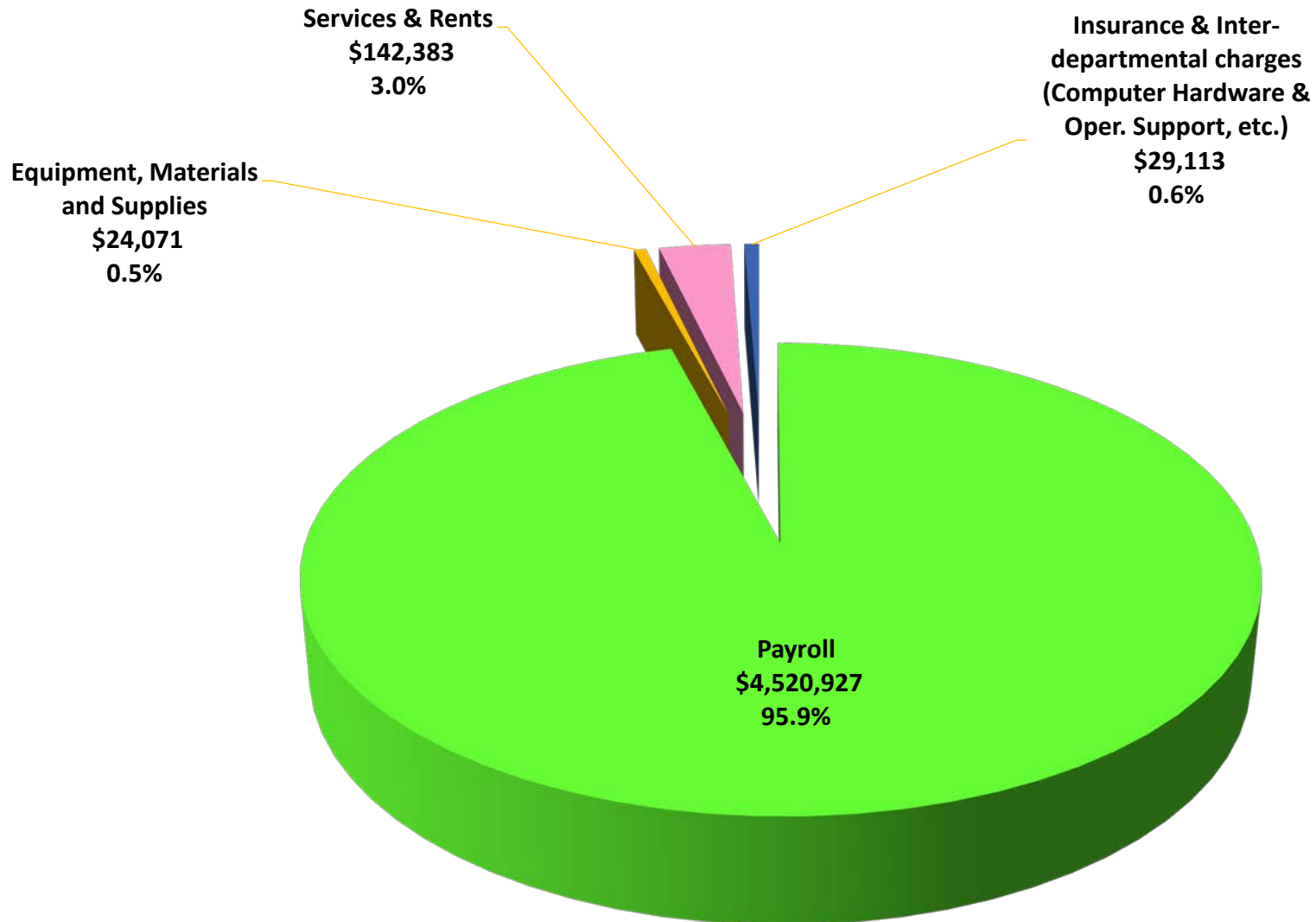
For every \$1 invested the return is \$11.80

Average \$47 million/year

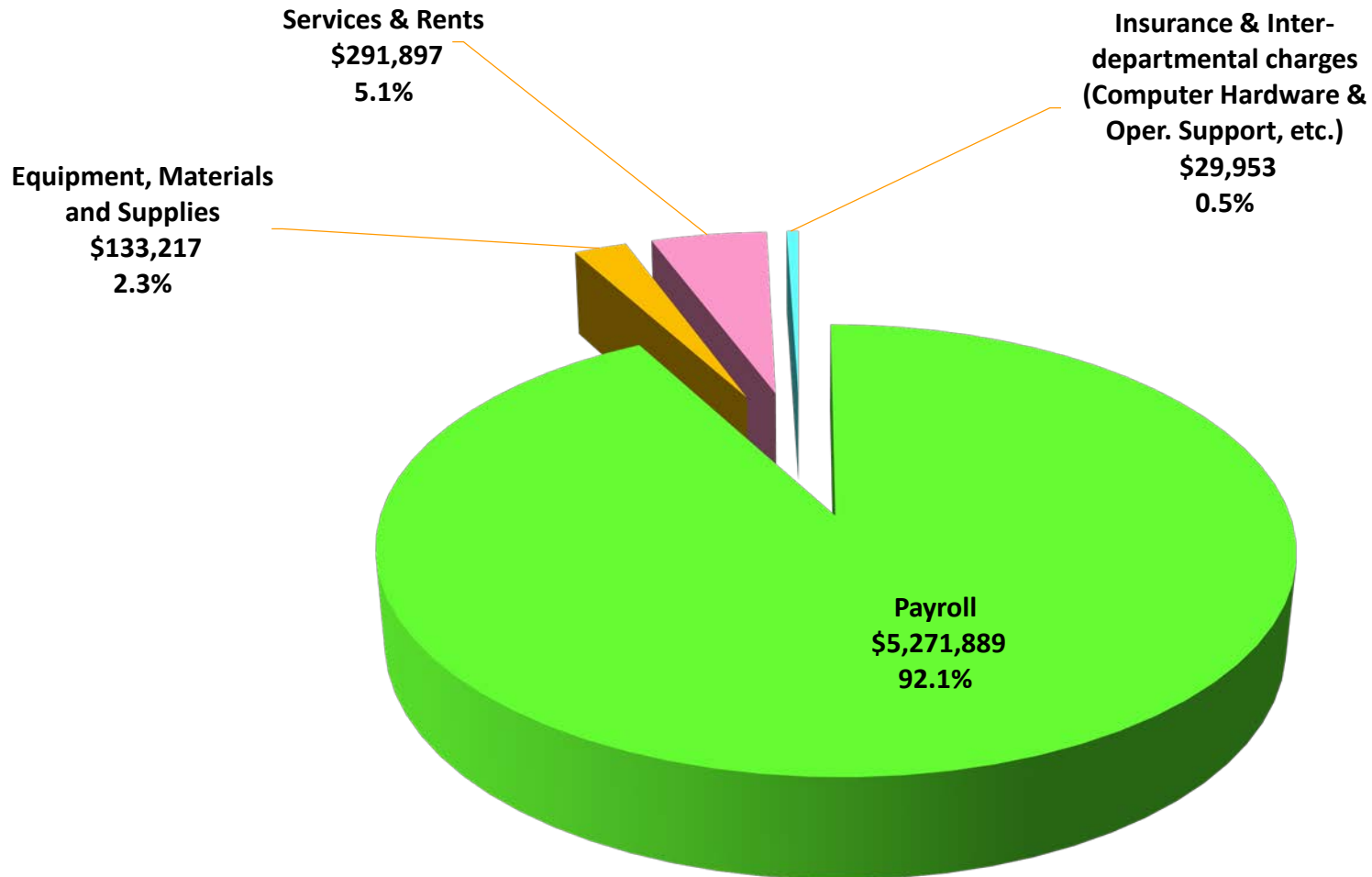
Operating Budget Request

	2016 Budget Request (\$000s)	2015 Council Approved Budget (\$000s)	Difference 2016 over 2015 (\$000)	Percent (%) Change
Salaries	4,204.8	3,634.2	570.6	15.7
Benefits	1,067.0	926.3	140.7	15.2
Gapping	0.0	(39.5)	39.5	100.0
Sub Total	5,271.8	4,521.0	750.8	16.6
Services, Materials, Supplies & Other	455.1	195.6	259.5	132.6
Total	\$5,726.9	\$4,717.3	\$1,009.6	21.4%

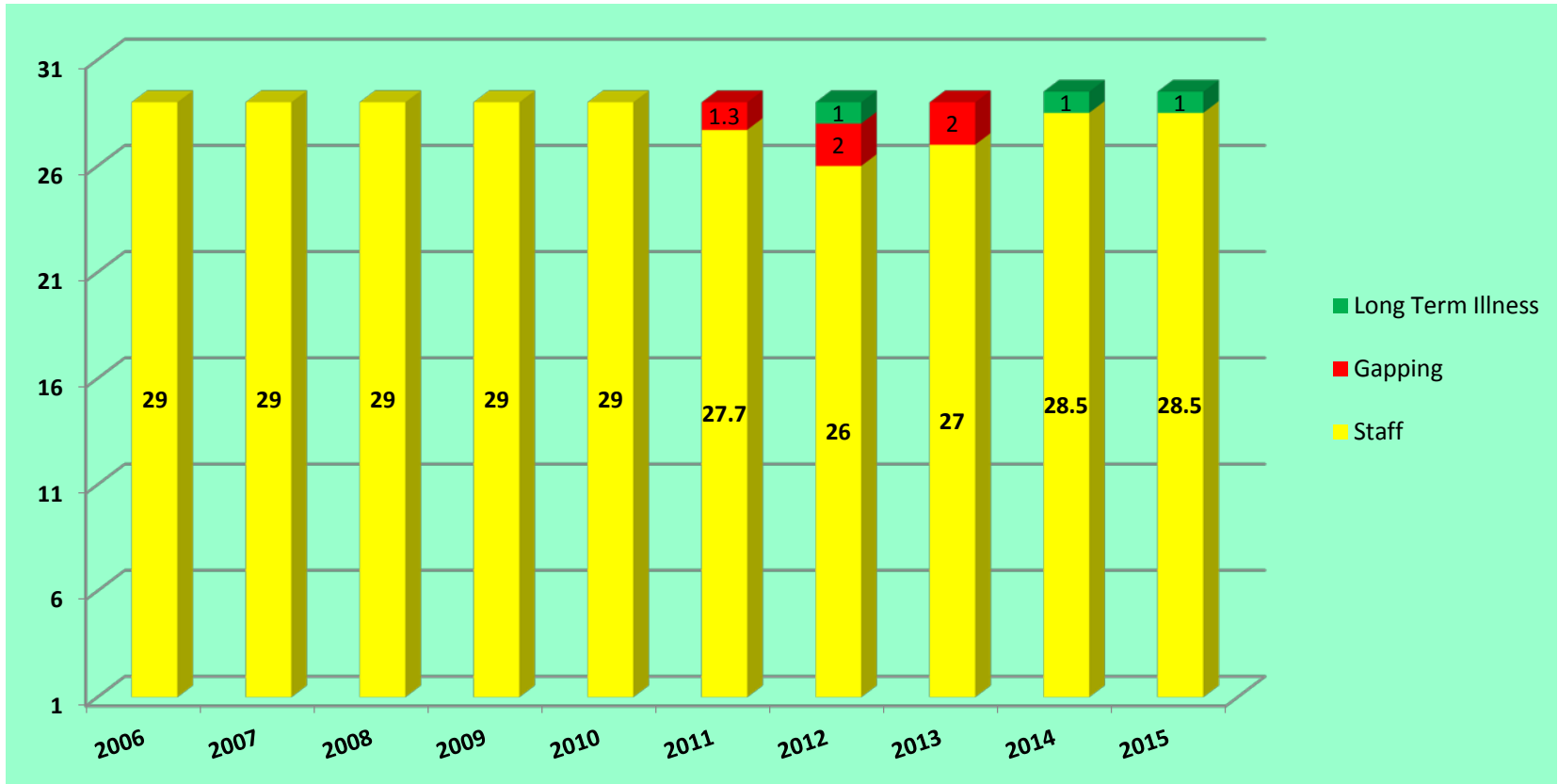
2015 Budget Gross Expenditure By Category



2016 Gross Expenditure By Category Budget Request



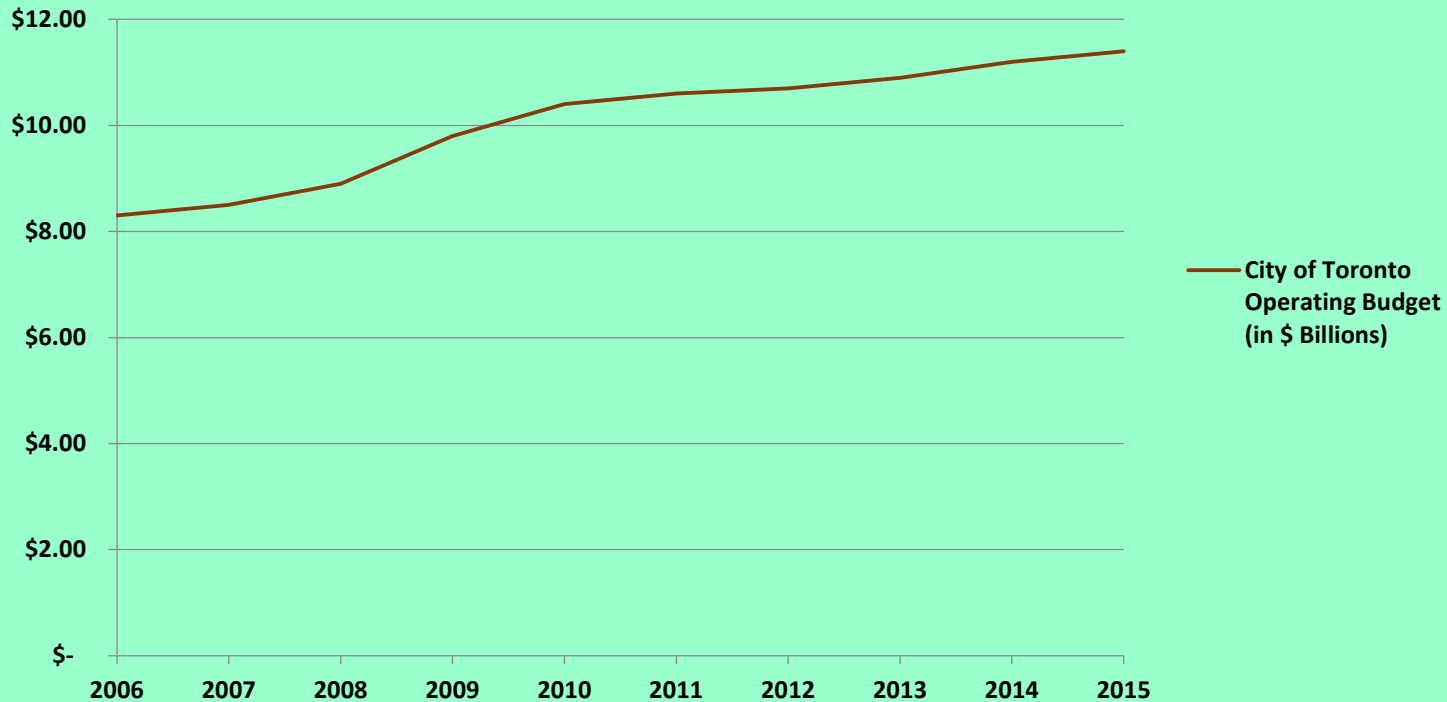
Approved Positions 2006 to 2015



0.5 position increase

City of Toronto Operating Budget 2006 to 2015

City of Toronto Operating Budget
(in \$ Billions)



2006 to 2015 Increase 37%

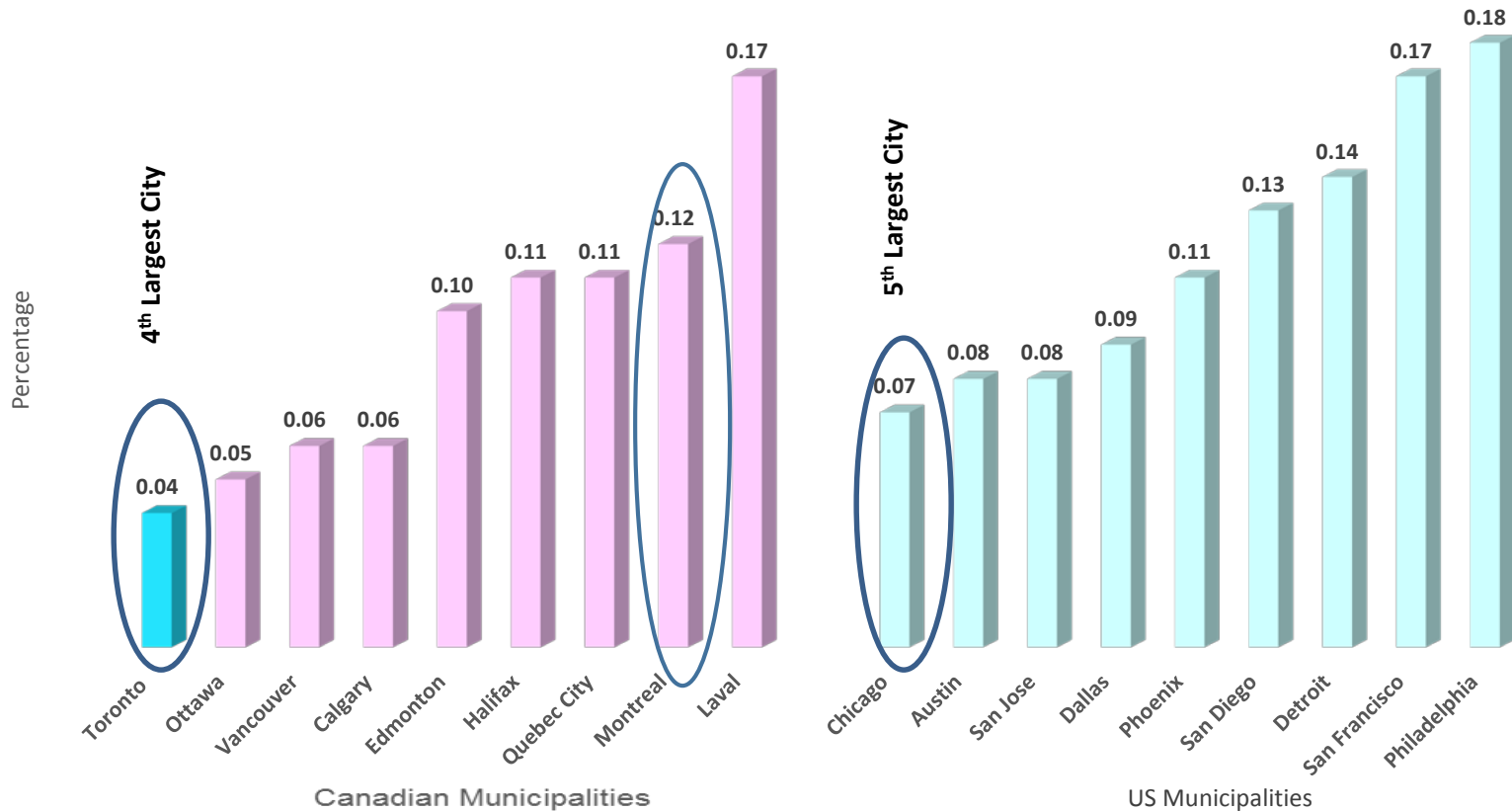
Benchmarking of Audit Costs

	2015 Municipal Budget (in \$000s)	2015 Audit Costs (in \$000s)	Audit Costs as a % of Municipal Budget
	\$	\$	%
Canadian Jurisdictions			
Toronto	11,435,335	4,717	0.04
Ottawa	3,388,018	1,751	0.05
Vancouver	1,223,395	740	0.06
Calgary	4,045,295	2,324	0.06
Edmonton	2,362,761	2,274	0.10
Halifax	869,200	965	0.11
Quebec City	1,365,700	1,443	0.11
Montreal	4,882,580	6,020	0.12
Laval	785,200	1,320	0.17
U.S. Jurisdictions			
Chicago	8,896,000	5,945	0.07
Austin	3,493,973	2,759	0.08
San Jose	3,010,365	2,413	0.08
Dallas	2,257,503	2,844	0.09
Phoenix	3,532,100	4,033	0.11
San Diego	2,697,298	3,575	0.13
Detroit	2,413,545	3,468	0.14
San Francisco	7,929,878	13,570	0.17
Philadelphia	4,524,565	8,072	0.18

← **4th largest City**

← **5th Largest City**

Audit Budget as a Percentage of Municipal Budget - 2015



Sample of new 2016 Projects being considered

- Management of Funds Provided for **Affordable Housing Programs**
- Operational Review of City-Wide **Data Centre Facilities**
- Toronto Transit Commission – Review of Procurement Processes
- **Toronto Police Level 3 and Level 4 Searches of Persons**
- TCHC – Review of Redevelopment/Revitalization of TCHC Communities
- Phase Two: Management of City's Long Term Disability (LTD) Benefits
- **Information Technology Major Infrastructure** and Other Projects
- Audit of **Shared Services**
- Review of **Business License Issuance and Permit Enforcement**

Projects Deferred until 2019 or Later

- Toronto Transit Commission – Reviews of major TTC operating units
- Audit of the state of good repair of City facilities – City divisions, agencies and corporations
- TCHC – Review of Client Care, dispatch and vendor management
- Review of the administration of the hostel system in providing shelter and care services
- Use of Information Technology Professional Services by the City
- Audit of the City's preparedness for major emergencies and disaster
- Governance and accountability framework over agencies and corporations
- Specific Significant Capital Projects in Various City Divisions and Agencies and Corporations (depending on the risk assessment, may perform audit of 3-4 projects).

**Long Term
Disability Review
at least
\$1,000,000**

Opportunity Value Proposition

**CCM, TTC, over
time, standby, staff
absenteeism
\$5,000,000**

4.5 Positions	6.5 Positions
<ul style="list-style-type: none">• 3 - 4 additional projects or Forensic audits• Conservatively, return on investment \$5:1• 2016 Part year budget \$474K• 2017 Annualized impact \$157K• Full year impact \$631K	<ul style="list-style-type: none">• 6 additional projects or Forensic audits• Conservatively, return on investment \$5:1• 2016 Part year budget \$638K• 2017 Annualized impact \$212K• Full year impact \$850K

**Telecommunication
Expenses
\$600,000**

**Third Party
Administration
Fee -
construction
contracts
\$1,200,000**

Recap

- Adding value
- Budget
 - ✓ Stable Operating Budget Request 2016
- Opportunity to increase value and increase audit assurance