

Auditor General's Office – 2018 Operating Budget

Date: October 13, 2017

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

This report provides information relating to the 2018 Operating Budget for the Auditor General's Office.

On February 15 and 16, 2017, City Council approved the 2017 Budget Committee Recommended Operating Budget for the Accountability Offices. At that time, City Council approved the *"temporary increase of \$1.0 million, as reflected in the Auditor General's 2017 Budget Committee Recommended Operating Budget to provide additional capacity to undertake value for money audits and investigations, subject to a report back to Audit and Executive Committees from the Auditor General on a revised audit work plan, and that temporary planned increases of up to \$1.5 million in 2018 and an additional \$1.4 million in 2019 be subject to consideration in future year budget processes together with revised audit work plans."* (Recommendation 250)

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

The Auditor General's 2018 Operating Budget request is \$7.445 million. The \$1.5 million increase from the approved adjusted 2017 operating budget of \$5.903 million reflects City Council's 2017 decision (EX22.2) to provide the Auditor General with additional capacity to undertake value for money audits and investigations.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Audit Committee approve the attached Auditor General's Office 2018 Operating Budget and forward it to the Budget Committee.

FINANCIAL IMPACT

The Auditor General's Operating Budget request for 2018 is \$7.445 million.

The \$1.5 million increase from the approved adjusted 2017 operating budget of \$5.903 million reflects City Council's 2017 decision (EX22.2) to provide the Auditor General with additional capacity to undertake value for money audits and investigations. Table 1 compares the 2018 budget request and the 2017 approved budget and projected year end actual results.

Table 1: Comparison of 2018 and 2017 Budget and Projections

2018 Budget Request	2017 Approved Budget	2017 Projected Actual
\$7,444,900	\$5,902,900	\$5,736,900

The majority of the Auditor General's 2018 Operating Budget request consists of salaries and benefits. Salaries and benefits comprise just over 80 per cent of the total budget. The cost of professional services for specialists and contracted audit professionals used in the course of an audit or investigation make up an additional 16 per cent.

DECISION HISTORY

The *City of Toronto Act, 2006*, requires that "The City shall appoint an Auditor General". Under Section 178(1) of the *Act*, 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."

Specific responsibilities of the Auditor General are set out in Chapters 3 and 192 of the *Toronto Municipal Code*.

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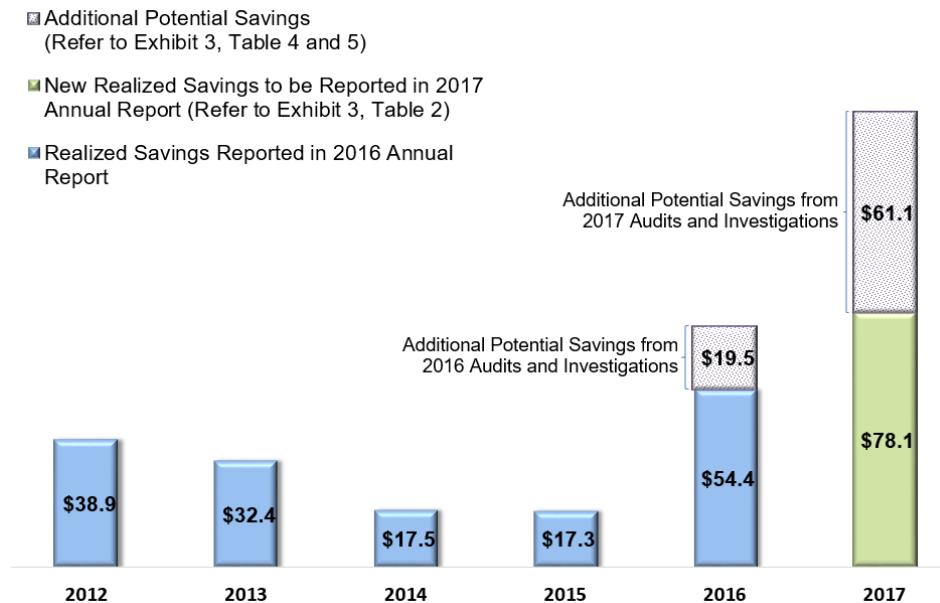
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

COMMENTS

In 2017, the Auditor General increased staffing of her Office based on City Council's temporary increase of \$1 million to her budget. This enabled the Auditor General's Office to initiate more projects during 2017, as well as accelerate or expand audits and investigations in process.

The benefits of the additional capacity provided by City Council are already evident in projects completed in the few months since new staff were added. Figure 1 highlights the \$78.1 million in realized savings and \$61.1 million in potential savings identified during 2017. These savings have not been included in the Auditor General’s previous Annual Reports.

Figure 1: Five-year Savings by the Year Identified (in Millions)



With the funding from City Council's additional temporary planned increases to her 2018 and 2019 budgets, the Auditor General will be able to complete a greater number of high priority projects to address risks and identify efficiencies and savings on a more timely basis. The Auditor General will include more projects in her annual Audit Work Plan resulting in a gradual decline of backlogged projects that have been constrained by prior years’ operating budgets. The final 2018 Annual Audit Work Plan is being tabled for consideration at the same Audit Committee meeting on October 27, 2017, where the Auditor General's 2018 Operating Budget is considered.

The Auditor General is committed to delivering value for the investment in resources allocated to the Auditor General’s Office. Audits and investigations result in tangible cost savings, and other significant important benefits include the avoidance of future costs, a more efficient and effective City, and the protection of City assets. Based on the financial and non-financial benefits identified in the attached report, which are examples only, the return on the investment in the Auditor General’s Office is significant.

CONTACT

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SIGNATURE

Beverly Romeo-Beehler
Auditor General

ATTACHMENT

Attachment 1: Auditor General's Office – 2018 Operating Budget