

Auditor General’s Office – 2007 Budget

Date:	December 29, 2006
To:	Audit Committee
From:	Jeff Griffiths, Auditor General, Auditor General’s Office
Wards:	All
Reference Number:	

SUMMARY

This report provides information relating to the 2007 budget for the Auditor General’s Office and a recommended budget for approval by the Audit Committee.

The Auditor General’s 2007 budget request is for \$3,988,443 which is \$107,181, (2.8 per cent) greater than the Office’s 2006 Council approved budget.

RECOMMENDATION

The Auditor General recommends that:

1. The Audit Committee approve the attached 2007 budget for the Auditor General’s Office and forward it to the Budget Committee.

FINANCIAL IMPACT

The 2007 budget request for the Auditor General’s Office is \$3,988,443 which is \$107,181 in excess of the 2006 final budget of \$3,881,262. The proposed budget contains audit fees in the amount of \$320,755 relating to the external financial audit.

2006 Approved Budget	2007 Budget Request	Increase	%
\$3,881.3	\$3,988.4	\$107.2	2.8

ISSUE BACKGROUND

In May 2002, City Council approved an independent Auditor General's Office for the City of Toronto. The new City of Toronto Act has subsequently formalized the establishment of the Auditor General. Section 177 of the new 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 2007 budget is contained in the attached document, entitled "Auditor General's Office – 2007 Budget".

COMMENTS

The 2007 budget request for the Auditor General's Office is \$3,988,443. The details supporting this request are contained in the attached document (Appendix 1).

The major component of the 2007 budget is salaries and benefits, which represent 96 per cent of the budget (excluding external financial audit fees).

Benefits of the Audit Process to the City of Toronto

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, or will occur, as a result of the work conducted by the Auditor General.

In a report to Audit Committee dated February 7, 2006 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 1999 to 2005 were in the range of \$30 million.

CONTACT

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SIGNATURE

Jeff Griffiths
Auditor General

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ATTACHMENTS

Appendix 1 – Auditor General's Office – 2007 Budget

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