



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

**Annual Report – Auditor General's Office – Benefits to
the City of Toronto**

Date:	January 24, 2011
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

This report responds to a request from the Audit Committee that the Auditor General, “provide the value added of his department.”

At the request of the Audit Committee, attempts have been made to identify the extent of the quantifiable financial benefits which have resulted from the work conducted by the Auditor General's Office.

While certain 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. Over the five-year period commencing January 1, 2006, the estimated potential savings to the City are nearly \$97 million compared to a cumulative audit expenditure of \$18.6 million. In simple terms, for every \$1 invested in the audit process the return on this investment has been \$5.20. Many of the estimated cost savings are ongoing and occur on an annual basis.

RECOMMENDATION

The Auditor General recommends that:

1. the Audit Committee receive this report for information.

Financial Impact

The adoption of this report has no direct financial implication.

DECISION HISTORY

At its meeting of November 23, 2004, the Audit Committee “requested the Auditor General to provide the value added of his department by identifying:

- a. actual dollar savings to the City;
- b. potential savings to the City of Toronto;
- c. at risk dollars to the City of Toronto; and
- d. for non-identifiable dollar activities, the impact of the audit review on those items.”

COMMENTS

The Auditor General’s report entitled “Annual Report – Auditor General’s Office – Benefits to the City of Toronto” is attached as Appendix 1.

This report identifies estimated cumulative savings generated as a result of the audit work conducted from 2006 through 2010 projected forward over a five-year period. In addition, highlights are presented from a selection of audit reports issued in 2010. As well as direct financial benefits, the report also highlights non-financial benefits such as improved internal controls and operational efficiencies as a result of implementing recommendations from audit reports.

CONTACT

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SIGNATURE

Jeffrey Griffiths, Auditor General

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ATTACHMENT

Appendix 1: Annual Report – Auditor General’s Office – Benefits to the City of Toronto