


Overview

Audit Framework at the City

- City Auditor - External Audit
- Auditor General's Office
- Internal Audit Functions

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Overview

City Auditor

City of Toronto Act - s.139
Appointment of an auditor under the *Public Accounting Act, 2004*


Responsibilities:

"annually auditing the accounts and transactions of the City and its local boards and expressing an opinion on the financial statements of these bodies based on the audit"

Reporting Relationship:

The City Auditor reports to City Council

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Overview

Auditor General
www.toronto.ca/audit

City of Toronto Act - s.177
The City shall appoint an Auditor General


Reporting Relationship:

The Auditor General reports to City Council through the Audit Committee

Funding:

The City of Toronto Act is silent

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Overview

Internal Audit

City Manager's Office

- Not required by legislation but regarded as best practice
- Reports directly to the City Manager and acts as a resource to the City Manager

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Overview

Internal Audit

Toronto Police Service

- Audit & Quality Assurance Unit reporting to the Chief of Police


Toronto Transit Commission

- Internal Audit Unit reporting to the TTC Chief General Manager

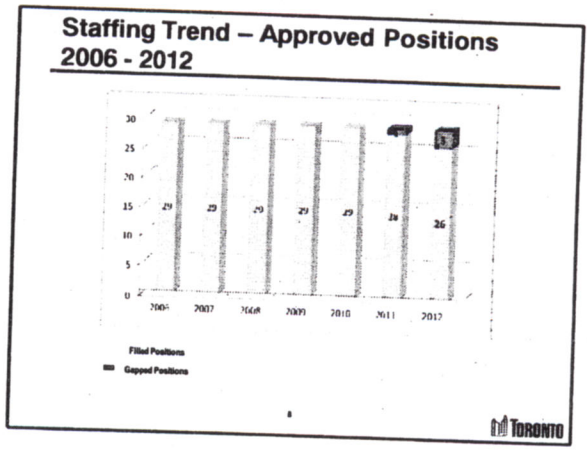
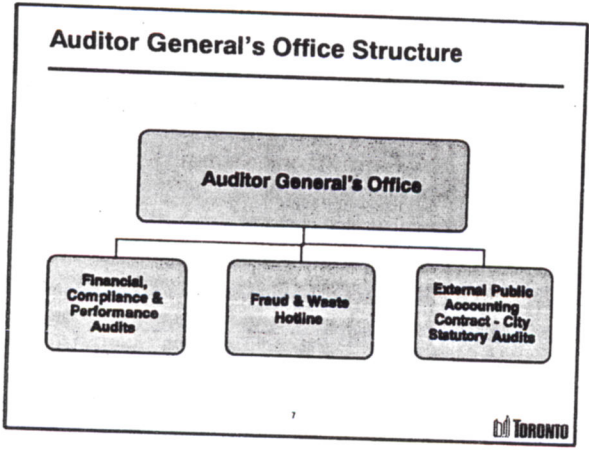
Toronto Community Housing Corporation

- Newly established Audit Function

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- ### Reports Issued by the Auditor General in 2011
- Controls over Employee Expenses - Toronto Community Housing Corporation
 - Procurement Policies and Procedures - Toronto Community Housing Corporation
 - Police Paid Duty - Balancing Cost Effectiveness and Public Safety
 - Protecting Whistleblowers from Retribution
 - Review of Winter Maintenance Services
 - Community Benefits Secured Under Section 37 or 45 of the Planning Act
- Available at: www.toronto.ca/audit/reports

- ### Reports Issued by the Auditor General in 2011 (cont'd)
- Management of Energy Loans and Grants Funded by the Ontario Power Authority
 - Review of the Management and Funding of Inactive Landfill Sites
 - Concession Agreements Review – Parks, Forestry and Recreation
 - Review of Administration of Environmental Grants
 - Disposal of Digital Photocopiers
 - Governance and Management of City Computer Software

- ### Reports Issued by the Auditor General Prior to 2011
- Administration of Development Funds, Parkland Levies and Education Development Charges
 - Administration of Land Transfer Tax
 - Review of the SAP Competency Centre
 - Status Report on Outstanding Recommendations for City Divisions
 - Status Report on Outstanding Recommendations for City ABCs
 - Toronto Zoo Construction Contracts Review
 - Review of Internal Controls at Community Centres
- Available at: www.toronto.ca/audit/reports

- ### Reports Issued by the Auditor General Prior to 2011 (cont'd)
- Toronto Police Service – Police Training
 - Management of Capital Project 129 Peter Street
 - Insurance and Risk Management
 - Controls Over Ferry Service Revenue – Parks, Forestry and Recreation
 - Governance and Management of City Wireless Technology
 - Review of the Investigation of Sexual Assaults – A Decade Later, Toronto Police Service
 - Controls Over Parking Tags
 - Payment of Utility Charges

Reports Issued by the Auditor General Prior to 2011 (cont'd)

- Effectively Managing the Recruitment of Non-Union Employees in the Toronto Public Service
- Process for Non-Competitive Procurement (Sole Sourcing)
- Toronto Parking Authority Pay and Display Parking Operations – Review of Revenue, Expenditures and Procurement Practices
- Review of Disposal of Surplus IT Equipment – Security, Environmental and Financial Risks
- City Purchasing Card (PCard) Program
- Parks, Forestry and Recreation – Capital Program
- Managing Employee Attendance

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Reports Issued by the Auditor General Prior to 2011 (cont'd)

- Protecting Water, Quality and Preventing Pollution – Assessing the Effectiveness of the City's Sewer Use By-Law, Toronto Water
- Review of Court Services, Toronto Police Service
- Disaster Recovery Planning for City Computer Facilities
- The Management of Information Technology Projects – Toronto Transit Commission
- Toronto Fire Services – Operational Review
- Review of the Administration of Leases on City-owned Property
- Homes for the Aged Division – Resident Fees and Trust Funds Review
- Toronto Public Library – Fines and Income Review

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Reports Issued by the Auditor General Prior to 2011 (cont'd)

- Management of City Information Technology Assets
- Management of Construction Contracts
- Facilities and Real Estate – Maintenance and Administrative Controls Review
- Toronto Social Services – Recovery of Social Assistance Overpayments
- Toronto Police Service – Enterprise Case and Occurrence Processing System (eCOPS) Project
- Fleet Operations Review
- Toronto Emergency Medical Services Operational Review
- Payroll Processing Review

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Reports Issued by the Auditor General Prior to 2011 (cont'd)

- Corporate Absenteeism/Attendance Management Review
- Economic Development, Culture and Tourism Department – Receivables Review
- Economic Development, Culture and Tourism Department – Recreation Registration and Permitting System Information Technology Review
- Toronto Zoo – Cash Controls
- Hostels Operations Review
- Economic Development, Culture and Tourism Department – Review of Receivables Relating to Parks and Recreation Operations
- Review of the Implementation of Recommendations of the Final Report of the Task Force on Community Access and Equity

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Examples of Cost Savings

- Outlined on page 5 of the cover report
- In 2011 for 3 reports, savings are in excess of our budget
 - Police Paid Duty
 - TCHC - Procurement
- Employee Expenses

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Fraud and Waste Hotline Program

- Approved by Council in 2002
- Significant number of US municipal and state governments operate an anonymous fraud hotline
- Toronto's Fraud and Waste Hotline - first of its kind in Canada
- Other municipalities have since developed similar programs
 - Ottawa - Calgary
 - Edmonton - Windsor
 - Montreal
 - Halifax & Winnipeg in process of establishing a hotline



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Follow-Up of Auditor General's Recommendations

Purpose:

To provide assurance that management has adequately implemented recommendations previously made by the Auditor General

Reported to Audit Committee on an annual basis

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Summary of Budget Submission

Requested 2012 Budget \$4,176,200

Includes External Audit Fees \$ 328,200

Auditor General's Office \$3,848,000

Request represents a 2.5% reduction from the 2011 approved operating budget.

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Consequences of 10% Decrease in Budget

10% decrease would result in \$428,320 budget reduction

- Termination of two existing staff
- Reduction in audit reports produced
- Further delays in response to Fraud and Waste Hotline complaints
- Less cost savings
- Increases risk

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Benchmarking of Audit Costs

	2011 Municipal Budget (in \$'000)	2010 Municipal Budget (in \$'000)	2010 Audit Costs as % of Municipal Budget
	x	x	x
1. External Audit Functions			
Professional	109,000	840	0.86
Other	2,396,000	1,760	0.07
Travel	8,114,000	6,871	0.07
Supplies	2,627,077	2,277	0.09
Utilities	731,000	660	0.09
Insurance	1,398,000	2,042	0.15
Telephone	1,398,000	6,886	0.50
Other - City	1,127,000	1,400	0.12
1.16. Internal Audit			
Change	8,887,011	8,842	0.09
Philadelphia	1,361,019	7,438	0.55
Other	1,399,000	3,077	0.22
San Francisco	6,980,780	11,286	0.16
New York	990,000	2,120	0.21
London	976,512	2,679	0.27

Reduction of a further 10%
in audit costs would reduce
the 0.07% to 0.06%.

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Pre-Determined Budget Model

Quebec legislation requires audit budgets be set at a percentage of municipal budgets. Applying Quebec model to the City of Toronto:

2010 City Budget	\$9.3 Billion
0.11 per cent	\$10.2 Million
Total 2010 Audit Costs	\$6.6 Million (all audit functions)
Shortfall	\$ 3.6 Million

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Who Audits the Auditor General?

- Financial attest audit
- Annual external audit to ensure that the operations of the Auditor General's Office are in compliance with policy
- Independent peer review - first by a Canadian municipality

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