



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

**2011 Annual Report Requested by the Audit Committee –
Demonstrating the Value of the Auditor General's Office**

Date:	January 25, 2012
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 on an annual basis the “*value added of his department*”.

This report contains the Auditor General’s estimate of the quantifiable financial benefits which have resulted from the work conducted by the Auditor General’s Office and identifies estimated cost savings and revenue increases relating to audit reports issued during the five year period from 2007 to 2011. Since 2007, the one-time and projected 5-year cost savings and revenue increases are approximately \$194 million. The cumulative costs of operating the Auditor General’s Office since 2007 have been in the range of \$19 million. In simple terms, for every \$1 invested in the Auditor General’s Office the return on this investment has been \$10.

The identification of cost savings and increased revenues is only one component of the role of the Auditor General. Equally important is the ongoing evaluation of internal controls, risk management, and governance processes. However, the benefits of this particular work are not quantifiable in financial terms.

RECOMMENDATION

The Auditor General recommends that:

1. Council receive this report for information.

Financial Impact

The adoption of this report has no direct financial implication.

DECISION HISTORY

This report entitled “2011 Annual Report Requested by the Audit Committee – Demonstrating the Value of the Auditor General’s Office”, formerly entitled “Benefits to the City of Toronto”, was specifically requested by the Audit Committee in 2004. The Committee requested the Auditor General to provide on an annual basis the “*value added of his department by identifying:*”

- a. actual dollar savings to the City of Toronto;*
- 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 “2011 Annual Report Requested by the Audit Committee - Demonstrating the Value of the Auditor General’s Office” is attached as Appendix 1.

The report includes a brief overview of the individual audit reports and cost savings information. In addition to direct financial benefits, the report highlights non-financial benefits such as improved internal controls and efficiencies as a result of implementing audit recommendations.

CONTACT

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SIGNATURE

Jeff Griffiths, Auditor General

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ATTACHMENTS

Appendix 1: 2011 Annual Report Requested by the Audit Committee – Demonstrating the Value of the Auditor General’s Office