



# AUDITOR GENERAL'S REPORT ACTION REQUIRED

## 2012 Annual Report Requested by the Audit Committee – Demonstrating the Value of the Auditor General's Office

<b>Date:</b>	January 22, 2013
<b>To:</b>	Audit Committee
<b>From:</b>	Auditor General
<b>Wards:</b>	All
<b>Reference Number:</b>	

### SUMMARY

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This report responds to a 2004 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 resulting from the work conducted by the Auditor General's Office during the five-year period from 2008 to 2012. Since 2008, total one-time and projected five-year cost savings and revenue increases are approximately \$209 million. The cumulative costs of operating the Auditor General's Office since 2008 have been \$19.1 million. In simple terms, for every \$1 invested in the Auditor General's Office the return on this investment has been approximately \$11.

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 audits of this nature are not quantifiable in financial terms.

### RECOMMENDATION

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**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 “2012 Annual Report Requested by the Audit Committee – Demonstrating the Value of the Auditor General’s Office” 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 “2012 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**

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Jeff Griffiths, Auditor General

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## **ATTACHMENT**

Appendix 1: 2012 Annual Report Requested by the Audit Committee – Demonstrating the Value of the Auditor General’s Office