POLICY FRAMEWORK FOR TORONTO’S ACCOUNTABILITY OFFICERS

Approved by Council in 2009:

“The officers will report annually to City Council on the activities of their office and discharge of their duties. Consistent with current practice, the Auditor General will report annually to City Council through Audit Committee on work conducted, savings achieved, and other matters.”
AUDITOR GENERAL’S ANNUAL REPORTS

Since 2002 – Annual Report on Fraud, including the operation of the Fraud and Waste Hotline

Since 2004 – Demonstrating the Value of the AG’s Office

In addition, a detailed budget report is also submitted to Audit Committee annually
Audit Committee in 2004 requested the Auditor General to “provide the value added of his department by identifying:

- Actual dollar savings
- Potential savings
- At risk dollars, and
- For non-identifiable dollar activities, the impact of the audit review on those items.”
City of Toronto Act

“The Auditor General shall perform his or her responsibilities in an independent manner.”

Toronto Municipal Code

“An accountability officer carries out in an independent manner the duties and responsibilities of his or her office as set out in Part V of the Act...”
INDEPENDENCE OF THE AUDITOR GENERAL’S OFFICE

CHAPTER 3 OF MUNICIPAL CODE

Work plan:
A. Shall submit an annual audit plan to Council
B. No deletions or amendments to the annual audit plan shall be made except by the Auditor General
C. Despite Subsection B, Council may add to the annual work plan by a two-thirds vote of all Council members
“The audit team will ask staff to confirm in writing that the facts are accurate and presented fairly and to comment on any areas of disagreement.”

“Senior management is required to provide the audit team with input to ensure that recommendations are practical and feasible.”
CONTENTS OF THIS REPORT

- Identifies estimated cost savings and revenue increases from audit reports issued between 2008 and 2012

- Savings from reports issued prior to 2008 are not included

- Recurring cost savings are only projected for 5 years even though savings in many cases extend beyond 5 years

- Identifies non-quantifiable benefits
ESTIMATED $11 SAVINGS FOR EVERY DOLLAR INVESTED IN THE OFFICE
NON QUANTIFIABLE BENEFITS

- Generally overlooked because there are no dollar savings attached
- Benefits are significant
NON QUANTIFIABLE BENEFITS

TCHC

- New senior management team
- New Board of Directors
- New robust and professional independent internal audit function
- More active and structured Corporate Affairs and Audit Committee
- Dissolved its major subsidiary company HSI
AUDIT IMPACT ON TCHC CORPORATE GOVERNANCE AND OVERSIGHT

- Revised/Developed Policies for
  - Expenses
  - Purchasing Cards
  - Cash Advances
  - Procurement
  - Fleet

- Appointed a Senior Director of Strategic Procurement

- Created a Fraud Prevention Directive

- Launched a “Do What’s Right Hotline”
Significant financial benefits from consolidating functions and services of the City and its agencies and corporations

Examples:

- TCHC Fleet Management – Lack of Oversight has Led to Control Deficiencies
- TCHC – Procurement Policies and Procedures Are Not Being Followed
- Facilities and Real Estate – Maintenance and Administrative Controls Review
- The Management of City Information Technology Assets
- Toronto Police Service – Review of the Enterprise Case and Occurrence Processing System
- The Management of Information Technology Projects – Toronto Transit Commission
OTHER NON-QUANTIFIABLE BENEFITS

- Reduction in absenteeism
- Impact of Divisional recommendations across the City and its agencies and corporations
- Coordination with external audit jurisdictions, particularly the Province of Ontario and the City of Montreal
OTHER AG OFFICES IN CANADA
MODELLED ON TORONTO

- Ottawa
- Halifax
- Winnipeg
- Sudbury
- Windsor

- Edmonton
- Calgary
- Markham
- Oshawa
The Auditor General’s role is not exclusively related to cost savings

Important to appreciate both financial and non-financial audit benefits