



**Presentation to the Audit Committee  
February 15, 2013**

**2012 ANNUAL REPORT**

**DEMONSTRATING THE VALUE OF THE  
AUDITOR GENERAL'S OFFICE**

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# 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

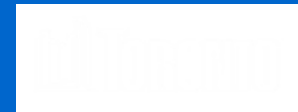




# AUDIT COMMITTEE REQUEST

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.”





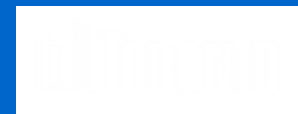
# LEGISLATIVE REQUIREMENTS TO BE INDEPENDENT

## 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...”



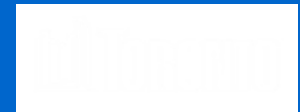


# INDEPENDENCE OF THE AUDITOR GENERAL'S OFFICE

## 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





# INDEPENDENCE OF THE AUDITOR GENERAL'S OFFICE

## Office of the Auditor General of Canada – Auditee's Guide to the Performance Audit Process

“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.”

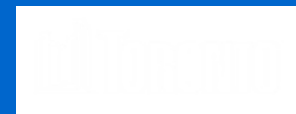
“Senior management is required to provide the audit team with input to ensure that recommendations are practical and feasible.”





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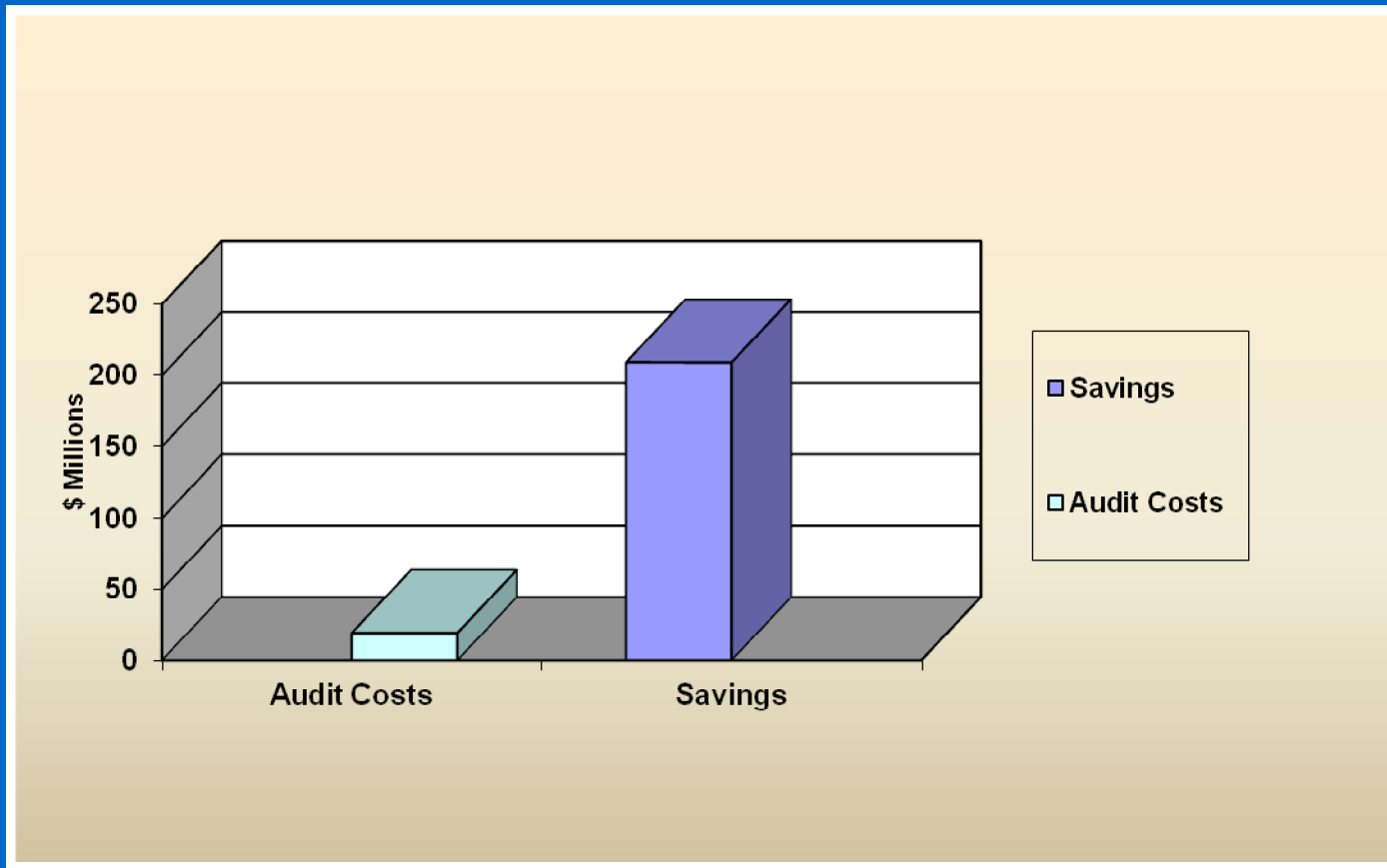
- Identifies estimated cost savings and revenue increases from audit reports issued between 2008 and 2012
- Savings from reports issued prior to 2008 are not included
- Recurring cost savings are only projected for 5 years even though savings in many cases extend beyond 5 years
- Identifies non-quantifiable 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

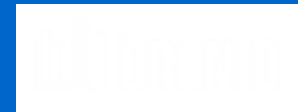




# NON QUANTIFIABLE BENEFITS

## 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”



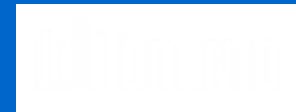


# SHARED SERVICES

Significant financial benefits from consolidating functions and services of the City and its agencies and corporations

Examples:

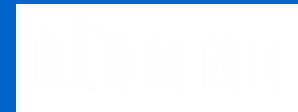
- TCHC Fleet Management – Lack of Oversight has Led to Control Deficiencies
- TCHC – Procurement Policies and Procedures Are Not Being Followed
- Facilities and Real Estate – Maintenance and Administrative Controls Review
- The Management of City Information Technology Assets
- Toronto Police Service – 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





# CONCLUSION

- The Auditor General's role is not exclusively related to cost savings
- Important to appreciate both financial and non-financial audit benefits

