



# AUDITOR GENERAL'S REPORT ACTION REQUIRED

## Clarification of Cost Savings as a Result of Toronto Community Housing Corporation Audits

<b>Date:</b>	December 15, 2014
<b>To:</b>	Audit Committee
<b>From:</b>	Auditor General
<b>Wards:</b>	All
<b>Reference Number:</b>	

### **SUMMARY**

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The purpose of this report is to clarify the cost savings from the recommendations contained in various audit reports issued by the Auditor General relating to the Toronto Community Housing Corporation (TCHC).

Annual cost savings identified by the Auditor General as a result of recommendations contained in various audit reports are generally estimated conservatively. In relation to savings identified in various TCHC reports, annual cost savings were reported to Council to be in the range of \$4 million to \$10 million.

During deliberations of the TCHC reports at the City's Executive Committee meeting of April 2011, it was stated publicly by a member of Council that "the four to ten million in projected savings wasn't a real figure". This comment implied that the Auditor General had provided misleading or erroneous information in his reports to Council.

Recommendations obviously take time to implement and as a result, cost savings are not always immediate. Over the course of the past number of years, TCHC has implemented the vast majority of audit recommendations and as a result cost savings are now being realized.

The attached communication from the Chair of the Board of Directors of the TCHC estimates annual cost savings of over \$30 million. The calculation of \$30 million is an independent assessment of the cost savings and is not information provided by the Auditor General's Office.

The cost savings are the equivalent of almost seven times the budget of the Auditor General's Office.

## **RECOMMENDATION**

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### **The Auditor General recommends that:**

1. City Council receive this report for information.

### **Financial Impact**

The recommendation in this report has no financial impact.

## **COMMENTS**

The value of the Auditor General's Office is evident by the return on investment generated by the Auditor General's Office. As can be seen from the cost savings identified by the Chairman of the Board of Directors of the TCHC cost savings are almost seven times the budget of the Auditor General. These cost savings occur every single year and reflect savings from the TCHC audits only. We estimate, once other audits are accounted for, cost savings are approximately the equivalent of 10 times the Auditor General's budget.

## **CONCLUSION**

Cost savings identified by the Auditor General in many of his reports are quantified on a conservative basis. In many cases, once recommendations have been implemented it is possible to more accurately calculate cost savings. Under no circumstances is information provided to Council which intentionally overstates any potential cost savings.

## **CONTACT**

Jeff Griffiths, Auditor General  
Tel: 416-392-8461, Fax: 416-392-3754, E-mail: [Jeff.Griffiths@toronto.ca](mailto:Jeff.Griffiths@toronto.ca)

## **SIGNATURE**

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Jeff Griffiths, Auditor General

## **ATTACHMENT**

Appendix 1: