Mandate of the Auditor General

The Auditor General is responsible for assisting City Council in holding itself and city administrators accountable for:

- the **quality of stewardship over public funds** and for
- the **achievement of value for money** in city operations

s.178(1) COTA
Three Lines of Business

Performance audits of programs, operations & information technology.

Audits of financial controls & compliance with regulations & policies.
Key Messages

1. Results

2. Budget Request

3. Opportunities
Results: 2015 Reports

• **16 Audit Reports**
  - Examples include:
    • Toronto Transit Commission Non-Revenue Vehicles **Fuel Card Controls**
    • Improving the Administration of City Training Programs
    • Improving **Property Tax Assessment** and Payment in Lieu of Taxes
    • Maximizing Value from the Learning Management System
    • Management of the **City’s Long Term Disability Benefits** – Phase One
    • Toronto Parking Authority Phase 1: Audit of **Real Estate Activities**
    • Implementing an Integrated City-wide **Risk Management** Framework
    • Operational Review of Invest Toronto

• **8 Other Reports**
  - Examples Include:
    • Risk Assessment
    • Fraud & Waste Hotline
    • Annual Work Plan
    • Annual Recommendation Follow-up Reports
    • AGO Benefits Report
    • Continuous Controls Monitoring Reports
Return on Investment: 2010-2014

For every $1 invested the return is $11.80

Average $47 million/year
# Operating Budget Request

<table>
<thead>
<tr>
<th></th>
<th>2016 Budget Request ($000s)</th>
<th>2015 Council Approved Budget ($000s)</th>
<th>Difference 2016 over 2015 ($000)</th>
<th>Percent (%) Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>4,204.8</td>
<td>3,634.2</td>
<td>570.6</td>
<td>15.7</td>
</tr>
<tr>
<td>Benefits</td>
<td>1,067.0</td>
<td>926.3</td>
<td>140.7</td>
<td>15.2</td>
</tr>
<tr>
<td>Gapping</td>
<td>0.0</td>
<td>(39.5)</td>
<td>39.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Sub Total</td>
<td><strong>5,271.8</strong></td>
<td><strong>4,521.0</strong></td>
<td><strong>750.8</strong></td>
<td><strong>16.6</strong></td>
</tr>
<tr>
<td>Services, Materials,</td>
<td>455.1</td>
<td>195.6</td>
<td>259.5</td>
<td>132.6</td>
</tr>
<tr>
<td>Supplies &amp; Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td><strong>$5,726.9</strong></td>
<td><strong>$4,717.3</strong></td>
<td><strong>$1,009.6</strong></td>
<td><strong>21.4%</strong></td>
</tr>
</tbody>
</table>
2015 Budget
Gross Expenditure By Category

Payroll
$4,520,927
95.9%

Services & Rents
$142,383
3.0%

Equipment, Materials
and Supplies
$24,071
0.5%

Insurance & Inter-
departmental charges
(Computer Hardware &
Oper. Support, etc.)
$29,113
0.6%
2016 Gross Expenditure By Category
Budget Request

- Payroll: $5,271,889 (92.1%)
- Equipment, Materials and Supplies: $133,217 (2.3%)
- Services & Rents: $291,897 (5.1%)
- Insurance & Inter-departmental charges: $29,953 (0.5%)
Approved Positions
2006 to 2015

0.5 position increase
City of Toronto Operating Budget 2006 to 2015

2006 to 2015 Increase 37%
## Benchmarking of Audit Costs

<table>
<thead>
<tr>
<th></th>
<th>2015 Municipal Budget (in $000s)</th>
<th>2015 Audit Costs (in $000s)</th>
<th>Audit Costs as a % of Municipal Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canadian Jurisdictions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toronto</td>
<td>11,435,335</td>
<td>4,717</td>
<td>0.04</td>
</tr>
<tr>
<td>Ottawa</td>
<td>3,388,018</td>
<td>1,751</td>
<td>0.05</td>
</tr>
<tr>
<td>Vancouver</td>
<td>1,223,395</td>
<td>740</td>
<td>0.06</td>
</tr>
<tr>
<td>Calgary</td>
<td>4,045,295</td>
<td>2,324</td>
<td>0.06</td>
</tr>
<tr>
<td>Edmonton</td>
<td>2,362,761</td>
<td>2,274</td>
<td>0.10</td>
</tr>
<tr>
<td>Halifax</td>
<td>869,200</td>
<td>965</td>
<td>0.11</td>
</tr>
<tr>
<td>Quebec City</td>
<td>1,365,700</td>
<td>1,443</td>
<td>0.11</td>
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<tr>
<td>Montreal</td>
<td>4,882,580</td>
<td>6,020</td>
<td>0.12</td>
</tr>
<tr>
<td>Laval</td>
<td>785,200</td>
<td>1,320</td>
<td>0.17</td>
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<tr>
<td><strong>U.S. Jurisdictions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago</td>
<td>8,896,000</td>
<td>5,945</td>
<td>0.07</td>
</tr>
<tr>
<td>Austin</td>
<td>3,493,973</td>
<td>2,759</td>
<td>0.08</td>
</tr>
<tr>
<td>San Jose</td>
<td>3,010,365</td>
<td>2,413</td>
<td>0.08</td>
</tr>
<tr>
<td>Dallas</td>
<td>2,257,503</td>
<td>2,844</td>
<td>0.09</td>
</tr>
<tr>
<td>Phoenix</td>
<td>3,532,100</td>
<td>4,033</td>
<td>0.11</td>
</tr>
<tr>
<td>San Diego</td>
<td>2,697,298</td>
<td>3,575</td>
<td>0.13</td>
</tr>
<tr>
<td>Detroit</td>
<td>2,413,545</td>
<td>3,468</td>
<td>0.14</td>
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<tr>
<td>San Francisco</td>
<td>7,929,878</td>
<td>13,570</td>
<td>0.17</td>
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<tr>
<td>Philadelphia</td>
<td>4,524,565</td>
<td>8,072</td>
<td>0.18</td>
</tr>
</tbody>
</table>

### Notes
- Toronto is the 4th largest city among Canadian jurisdictions.
- Philadelphia is the 5th largest city among U.S. jurisdictions.
Audit Budget
as a Percentage of Municipal Budget - 2015

Canadian Municipalities

Toronto 0.04
Ottawa 0.05
Vancouver 0.06
Calgary 0.06
Edmonton 0.10
Halifax 0.11
Quebec City 0.11
Montreal 0.12
Laval 0.17

US Municipalities

Chicago 0.07
Austin 0.08
San Jose 0.08
Dallas 0.09
Phoenix 0.11
San Diego 0.13
Detroit 0.14
San Francisco 0.17
Philadelphia 0.18

Percentage

4th Largest City

5th Largest City
Sample of new 2016 Projects being considered

- Management of Funds Provided for **Affordable Housing Programs**
- Operational Review of City-Wide **Data Centre Facilities**
- Toronto Transit Commission – Review of Procurement Processes
- **Toronto Police Level 3 and Level 4 Searches of Persons**
- TCHC – Review of Redevelopment/Revitalization of TCHC Communities
- Phase Two: Management of City’s Long Term Disability (LTD) Benefits
- **Information Technology Major Infrastructure** and Other Projects
- Audit of **Shared Services**
- Review of **Business License Issuance and Permit Enforcement**
Projects Deferred until 2019 or Later

- Toronto Transit Commission – Reviews of major TTC operating units
- Audit of the state of good repair of City facilities – City divisions, agencies and corporations
- TCHC – Review of Client Care, dispatch and vendor management
- Review of the administration of the hostel system in providing shelter and care services
- Use of Information Technology Professional Services by the City
- Audit of the City’s preparedness for major emergencies and disaster
- Governance and accountability framework over agencies and corporations
- Specific Significant Capital Projects in Various City Divisions and Agencies and Corporations (depending on the risk assessment, may perform audit of 3-4 projects).
### Opportunity Value Proposition

<table>
<thead>
<tr>
<th>Positions</th>
<th>4.5 Positions</th>
<th>6.5 Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional</td>
<td>3 - 4 additional projects or Forensic audits</td>
<td>6 additional projects or Forensic audits</td>
</tr>
<tr>
<td>Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservatively</td>
<td>Conservatively, return on investment $5:1</td>
<td>Conservatively, return on investment $5:1</td>
</tr>
<tr>
<td>return on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>investment</td>
<td></td>
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<tr>
<td>2016 Part year</td>
<td>2016 Part year budget $474K</td>
<td>2016 Part year budget $638K</td>
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<tr>
<td>budget</td>
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<tr>
<td>2017 Annualized</td>
<td>2017 Annualized impact $157K</td>
<td>2017 Annualized impact $212K</td>
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<tr>
<td>impact</td>
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<tr>
<td>Full year</td>
<td>Full year impact $631K</td>
<td>Full year impact $850K</td>
</tr>
<tr>
<td>impact</td>
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</tr>
</tbody>
</table>

- Long Term Disability Review at least $1,000,000
- CCM, TTC, over time, standby, staff absenteeism $5,000,000
- Third Party Administration Fee - construction contracts $1,200,000
- Telecommunication Expenses $600,000
Recap

• Adding value

• Budget
  - Stable Operating Budget Request 2016

• Opportunity to increase value and increase audit assurance