Presentation to Budget Committee
January 29, 2015

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Auditor General

Toronto

Auditor General's

2015 Operating Budget Request and

2015 - 2024 Capital Request and Plan

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

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Three Lines of Business

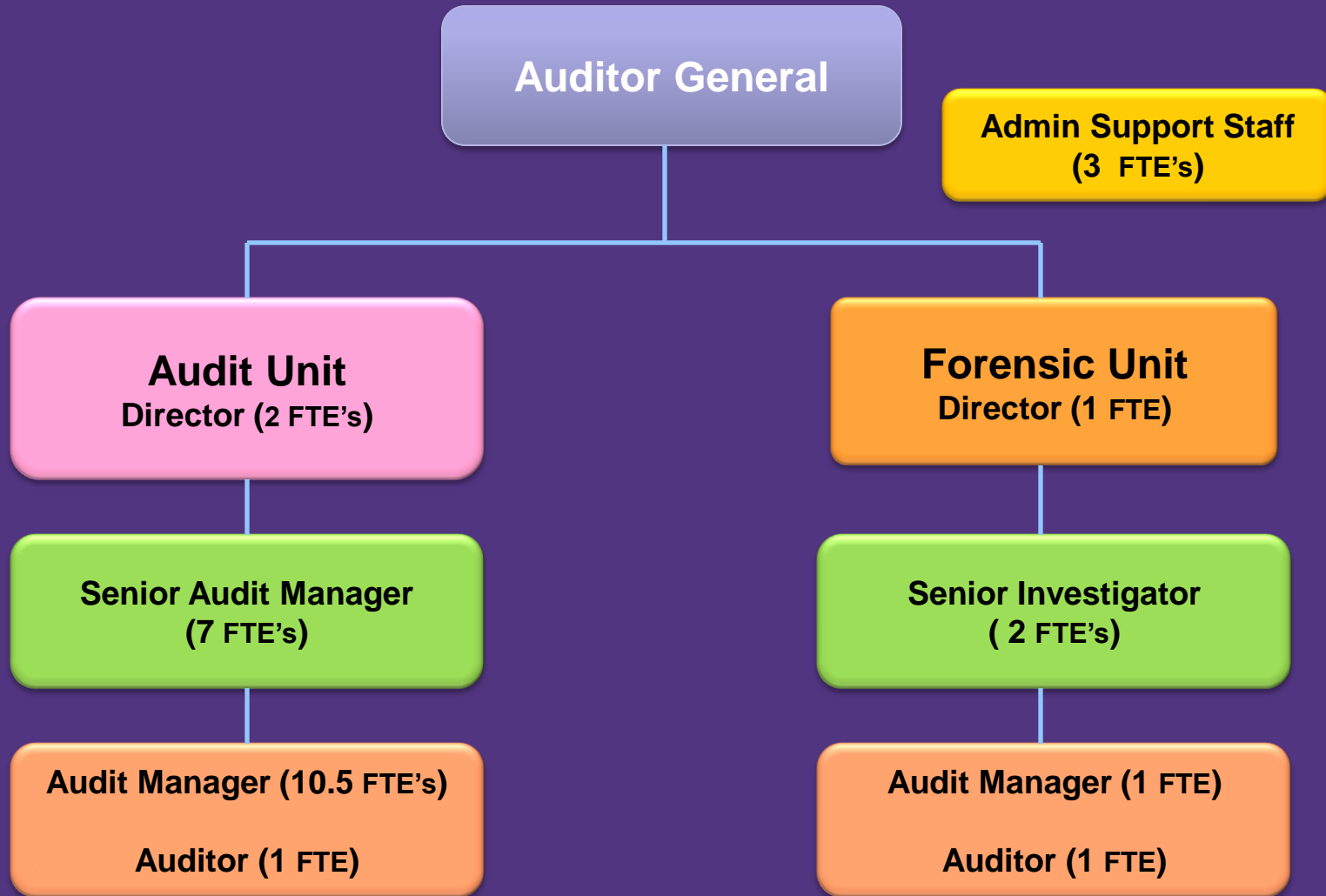Performance Audits of programs, operations & information technology.

Audits of financial controls & compliance with regulations & policies.

fraud& waste hotline
416-397-STOP (7867)

Committed to integrity and accountability

External Financial Statement Audit Contract Management

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AG Office Organization Chart
29.5 FTE's

Auditor General

**Admin Support Staff
(3 FTE's)**

Audit Unit
Director (2 FTE's)

Forensic Unit
Director (1 FTE)

**Senior Audit Manager
(7 FTE's)**

**Senior Investigator
(2 FTE's)**

Audit Manager (10.5 FTE's)

Auditor (1 FTE)

Audit Manager (1 FTE)

Auditor (1 FTE)

Key messages

1. Results

2. Budget Requests

3. Opportunities

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Results: 2014 Reports

- **14 Audit reports totalling 110 recommendations**
  - Examples include:
    - Sony Centre
    - Improving the Quality of Building Inspections
    - Bus Maintenance
    - Curbside Collection Contract
    - Strengthening Oversight of Social Housing Programs
    - Telecommunications
    - Continuous Controls Monitoring Reports

- **12 Other reports**
  - Examples Include:
    - Fraud & Waste Hotline
    - Annual work plan
    - Annual recommendation follow-up report
    - AGO Benefits report

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2014 work status

- Facilities Management – Security and Safety Procedures
- TTC Vehicle Maintenance – Non-Revenue Vehicles & Fuel usage
- Expenditures on Consultants
- Operational Review of Build Toronto
- Operational Review of Invest Toronto
- Divisional Purchase Orders
- Controls over the Acquisition and Use of Major Software Licences
- Human Resources – Review of Organization, Learning and Workforce Planning
- Property Tax Billing and Collection Process (Underway)
- Toronto Parking Authority (Underway)
- 5 year City-wide Risk Assessment (Underway)

Those shown in Blue will be presented to the Audit Committee in the spring 2015

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Return on Investment: 2010-2014

Total one-time and projected 5-year savings since 2010: **$236.8**

Cost of AG Office since 2010: **$19.9**
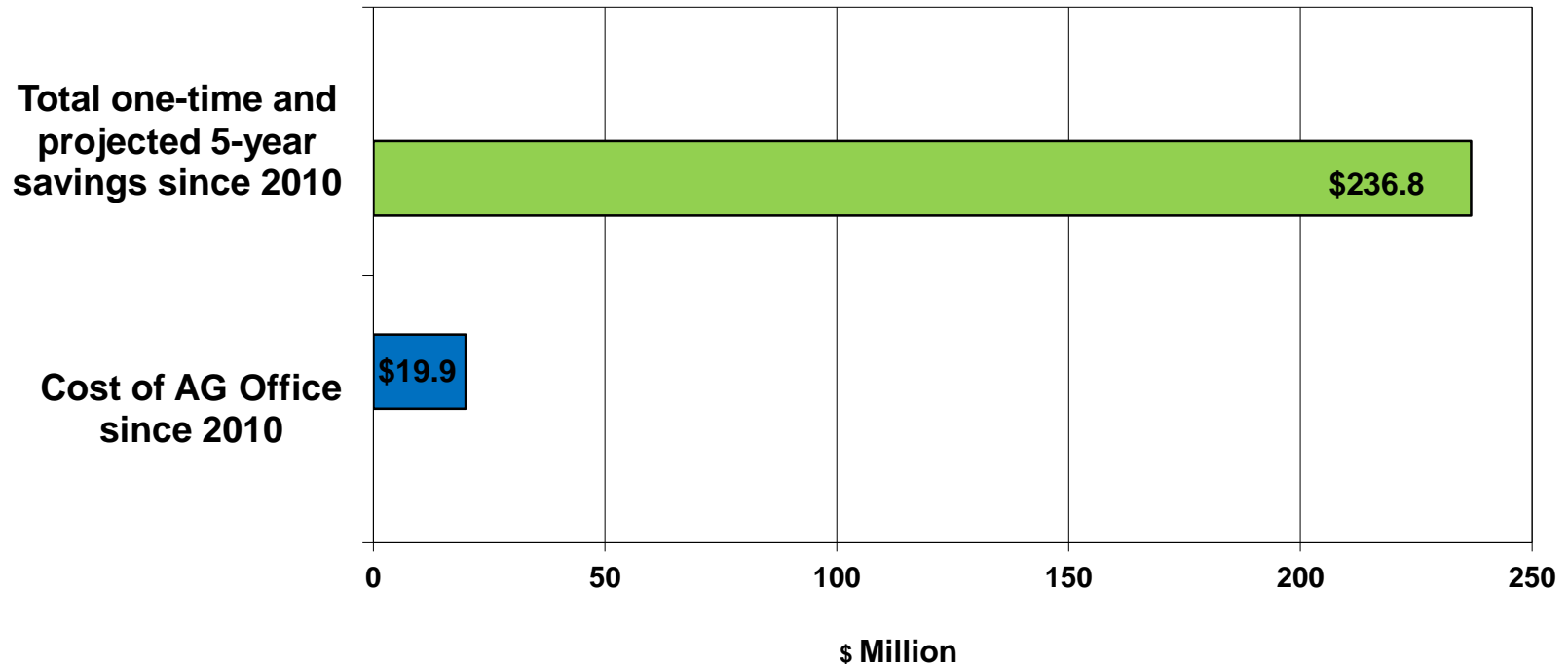
$ Million

For every $1 invested the return is $11.90

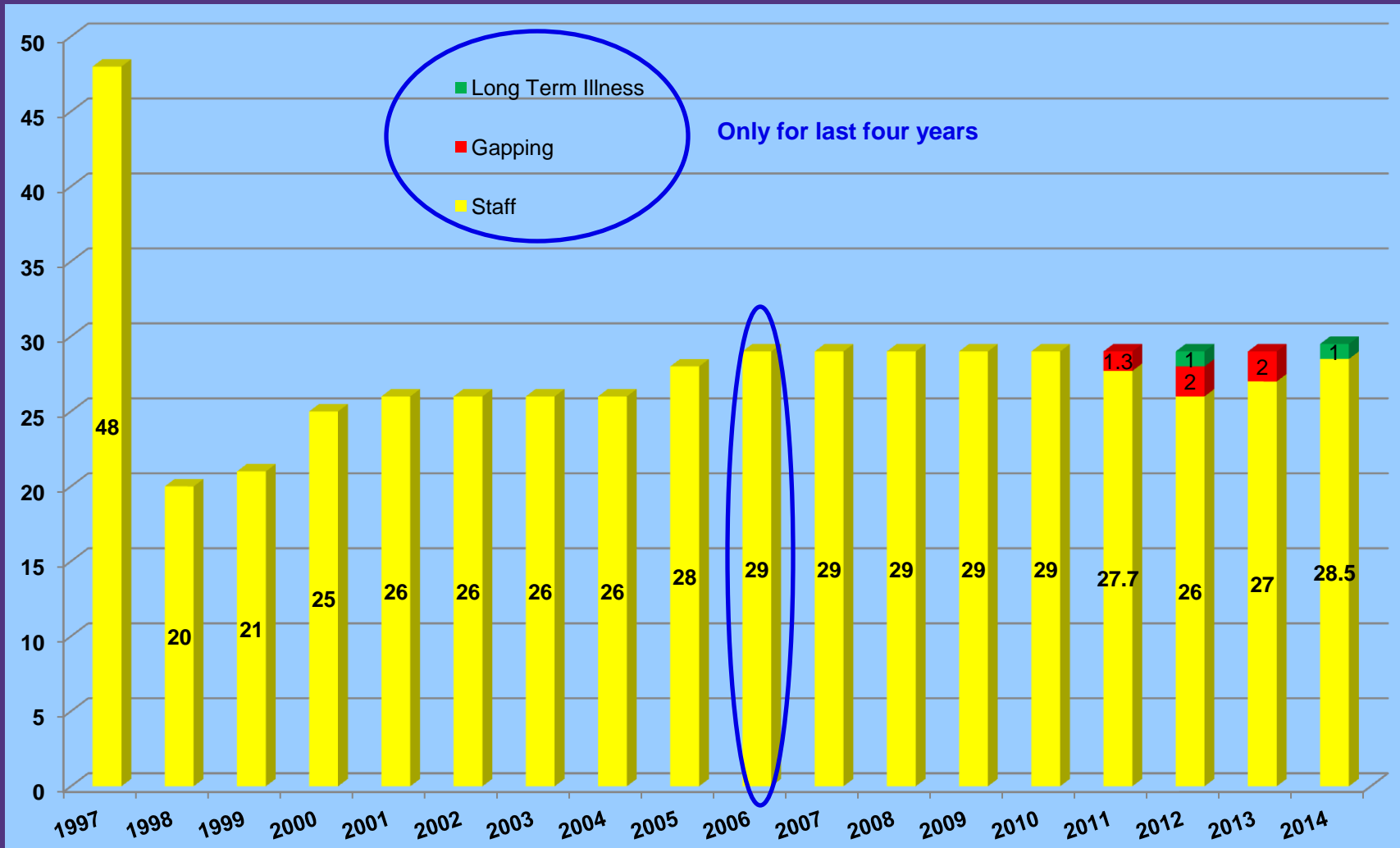**Average $47 million/year**

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Operating Budget Request
"Being Frugal"

	2015 Budget Request ($000s)	2014 Council Approved Budget ($000s)	Difference 2015 over 2014 ($000)	Percent (%) Change
Salaries	3,634.2	3654.2	(20.0)	(0.54)
Benefits	926.3	927.1	(0.8)	(0.08)
Gapping	(39.5)	(39.5)	0.0	0.0
Sub Total	**4,521.0**	**4,541.8**	**(20.8)**	**(0.62)**
Services, Materials, Supplies & Other	195.6	143.3	52.3	36.5
Total	**$4,716.6**	**$4,685.1**	**$31.5**	**0.67**

2015 Gross Expenditure By Category Budget Request

Services & Rents
$142,383
3.0%

Insurance & Inter-departmental charges (Computer Hardware & Oper. Support, etc.)
$29,113
0.6%

Equipment, Materials and Supplies
$24,071
0.5%

Payroll
$4,520,927
95.9%

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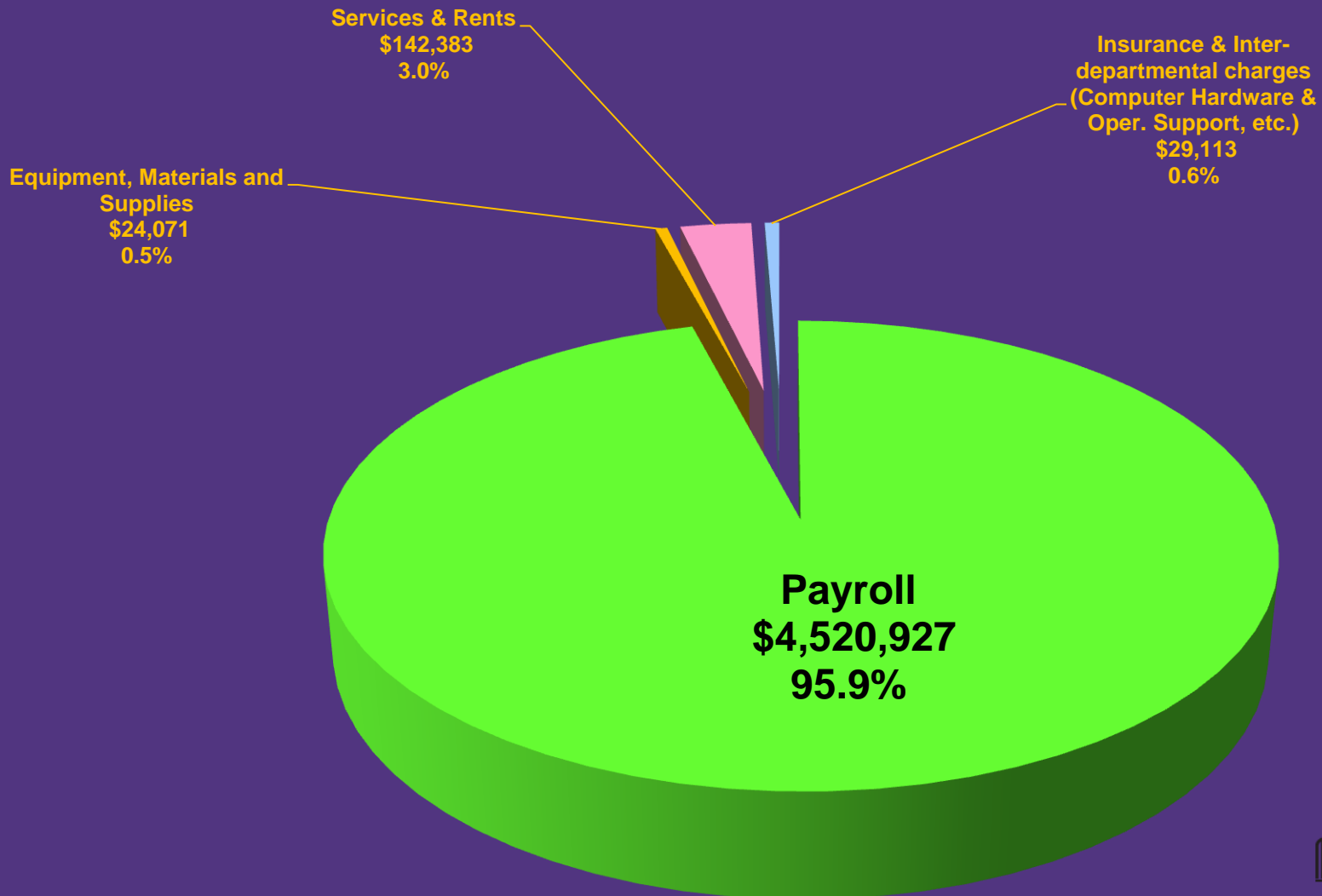
Approved positions

Benchmarking of Audit Costs

|	2014 Municipal Budget (in $000s)	2014 Audit Budget (in $000s)	Audit Budget as a % of Municipal Budget
	$	$	%
Canadian Jurisdictions			
Toronto	**11,176,154**	**4,685**	**0.04**
Vancouver	1,177,500	720	0.06
Ottawa	2,916,200	1,711	0.06
Calgary	3,679,300	2,236	0.06
Halifax	845,000	868	0.10
Edmonton	2,075,800	2,195	0.11
Quebec City	1,333,800	1,465	0.11
Montreal	4,895,400	5,951	0.12
Laval	761,200	1,295	0.17
U.S. Jurisdictions			
Chicago	8,672,100	5,769	0.07
Austin	3,270,500	2,677	0.08
Dallas	2,810,400	2,391	0.09
Los Angeles	7,685,500	6,924	0.09
Phoenix	3,502,500	3,944	0.11
San Jose	2,912,600	3,298	0.11
Detroit	2,439,500	2,960	0.12
San Diego	2,795,300	3,889	0.14
San Francisco	7,915,900	13,672	0.17

Toronto — 4th largest City

Chicago — 5th Largest City

Los Angeles — 3rd largest City

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Audit Budget
as a Percentage of Municipal Budget - 2014

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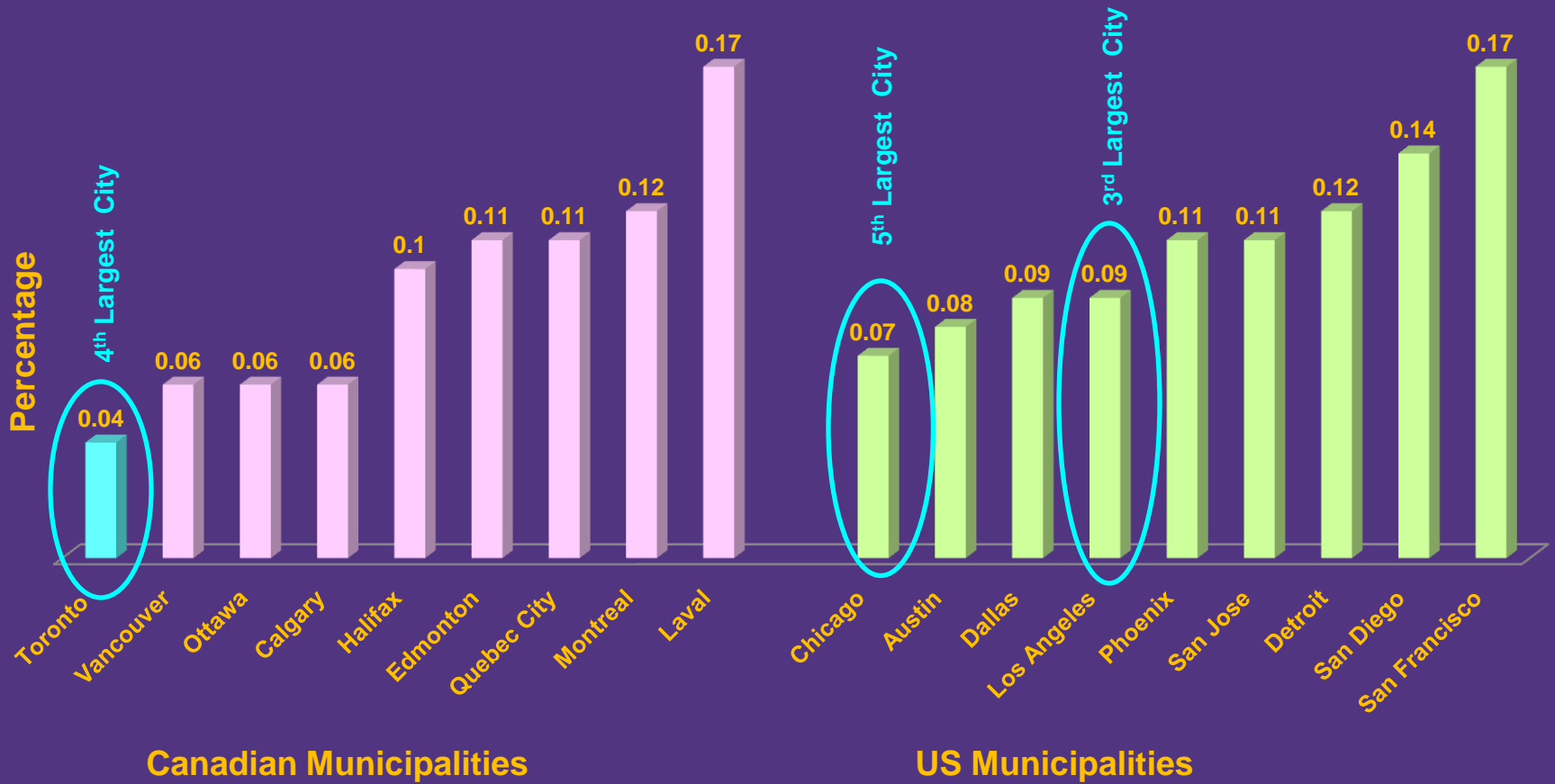
Summary of Capital Budget Request

"Balancing frugality and functionality"

2015 -2024 Capital Budget Request and Plan

	2015 Capital Request ($000s)	2016 Capital Plan ($000s)	2016-2019 Capital Plan ($000)	2015-2014 Capital Plan ($000)
Fraud and Waste Complaint Management System	451.0	114.0	565.0	565.0
Audit Management Software	0.0	130.0	130.0	130.0
Sub Total	**451.0**	**244.0**	**695.0**	**695.0**

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2015 -2024 Capital Budget Request

- **Fraud and Waste Complaint Management System**
  - 1,100 allegations/year
  - 12 years old, split database, being decommissioned

- **Audit Management Software**
  - Industry uses automated working papers
  - 89% of staff hired in the past six years left an automated 'audit management software' environment
  - Better security, better collaboration, increased efficiencies over time, more effectively work at other sites

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Sample of new 2015 Projects being considered
(Project selection & scope depends on results of the risk assessment)

- Lifecycle management paving contracts (TTC, Toronto Water & City Contracts)
- Information Technology network vulnerabilities & access controls
- Major Information Technology projects
- Enterprise-wide risk management
- Long-term disability (LTD) approval and payment processes
- Children Services Division
- Municipal Licensing and Standards Division (Business Licences)
- Reserves and other deferred revenue accounts

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Sample of Audit Backlog

- Emergency Preparedness & Response Management
- Major Engineering and Construction Contracts
- Court Fine Collection
- Fire Services
- Space Utilization Optimization Across the City
- Affordable Housing
- Progress in Implementing the Senior's Strategy
- IBMS Revenue Controls
- Facilities Management - Custodial Care
- Toronto Water Billing and Collection Processes
- Sewer Infrastructure Management & Basement Flooding
- Toronto Zoo

Opportunity Value Proposition

"Balancing frugality with investing in the future"

4 Positions	6 Positions
• 3 - 4 additional projects or Forensic Audits	• 6 additional projects or Forensic Audits
• Full year cost $534K	• Full year cost $836K
• Conservatively, return on investment $5:1	• Conservatively, return on investment $5:1
• 2015 Part year budget cost – $267K	• 2015 Part year budget – $418K
• 2016 Annualized impact $267K	• 2016 Annualized impact 418K

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Recap

- Adding value

- Budget
  - Stable Operating Budget Request 2015
  - 2015 Capital Request is the first ever capital request

- Opportunity to increase value with increased investment

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