Importance of a Strong Audit Function

A strong audit function to support Council is just as needed *if not more so*…than in more structured federal or provincial environments”

“Councillors…must be able *to count upon* the work of an independent auditor in order *to fulfill their own oversight duties*”

2002 Report to the Mayor’s Taskforce on the Establishment of an Independent Auditor General:

**Serving Council and Citizens: Strengthening the Audit Function at the City of Toronto,**

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
Auditor General’s Annual Report

Toronto Municipal Code requires annual report on activities and savings achieved

This is the Auditor General’s 12th Annual Report
2015 Major Activities and Accomplishments

14 performance audit reports (163 recommendations) and 5 CCM reports

Coordinate and oversee external financial audits

Signed a MOU with the City’s other Accountability Officers

Underwent an External Peer Review

572 complaints (800 allegations) to the Fraud and Waste Hotline

Annual recommendation follow-up – approximately 400 recommendations

Completed a City-wide risk assessment
Many Benefits of Audits

While there is always a focus on dollar savings, other important benefits include:

- Improved internal controls
- Better governance
- Better customer services
- More effective operations
Return on Investment Based on Five-Year Costs and Savings

$20.6 \text{ million}$

$\downarrow$

$\$229.7 \text{ million}\$

Estimated $11.2$ savings for every dollar invested in the Office
Cumulative One-Time and Projected Five-Year Savings ($millions) by Year, 2011-2015

- 2011: $123.6
- 2012: $38.9
- 2013: $32.4
- 2014: $17.5
- 2015: $17.3

Employee Benefits and TCHC audits
Savings Estimate

Annual savings projected for 5 years only

Realized savings after recommendations implemented

Savings confirmed by management

Conservative savings estimate
2015 Quantifiable Financial Benefits

Five previously issued reports, including:
- TTC Bus Maintenance Phase 1 audit
- TTC Wheel-Trans audit

Two 2015 reports:
- Long-Term Disability Phase 1 audit
- TTC Bus Maintenance Phase 2 audit

Two CCM reports:
- TTC Employee Absenteeism
- City Telecommunication Expenses

Forensic Unit Investigations:
- Cost Recovery
- Loss Prevention
Examples of 2015 Reports with Non-Quantifiable Benefits

- Facilities Management – Security and Safety
- Software Licenses
- Property Tax Assessments and Payment in Lieu of Taxes
- Build Toronto
2016 – The Road Ahead

- 2016 Audit Projects
- Data Analytics
- Enhanced Training / Succession Planning
- Implementation of New Systems
- Extension of CCM