

Audit Committee Meeting
February 7, 2018
Agenda Item AU11.1

2017 Annual Report

Demonstrating the Value

of the Auditor General's Office

Beverly Romeo-Beehler, CPA, CMA, B.B.A., JD, ICD.D, CFF
Auditor General

Jane Ying, CPA, CMA, CIA, CGAP, MHSc
Assistant Auditor General

Niroshani Movchovitch, CPA, CA
Senior Audit Manager (Acting)



Auditor General's Office
Integrity, Excellence and Innovation

Importance of a Strong City Audit Function

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

*“Indeed, the Auditor General could be of great assistance to Council by bringing forward **high quality value-for-money reports** and studies of the broader and very **fundamental issues** that the City has to resolve.”*

*“The Auditor General could also exert influence on **management to improve their practices** and to keep their **focus on the important issues** they have to address.”*

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
- The achievement of value for money in City operations

Auditor General's Annual Report

The *Toronto Municipal Code* requires an annual report on activities and savings achieved



This is the Auditor General's 14th Annual Report

2017 Major Activities & Accomplishments

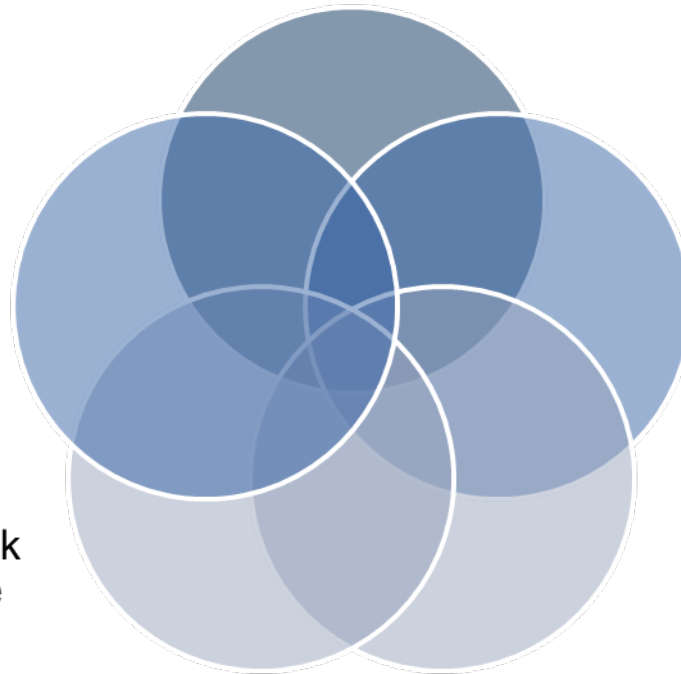
13 performance audit reports
5 investigative reports
(163 recommendations)

Coordinate and
oversee external
financial audits

680 complaints
(1,060 allegations)
to the Fraud and
Waste Hotline

IT audits of City network
security, infrastructure
management

Follow-up of 152 audit
recommendations



Types of Benefits

Non-Quantifiable

More effective
operations

Better customer
service

Improved internal
controls & security

Better governance

Quantifiable

Operating cost
reductions

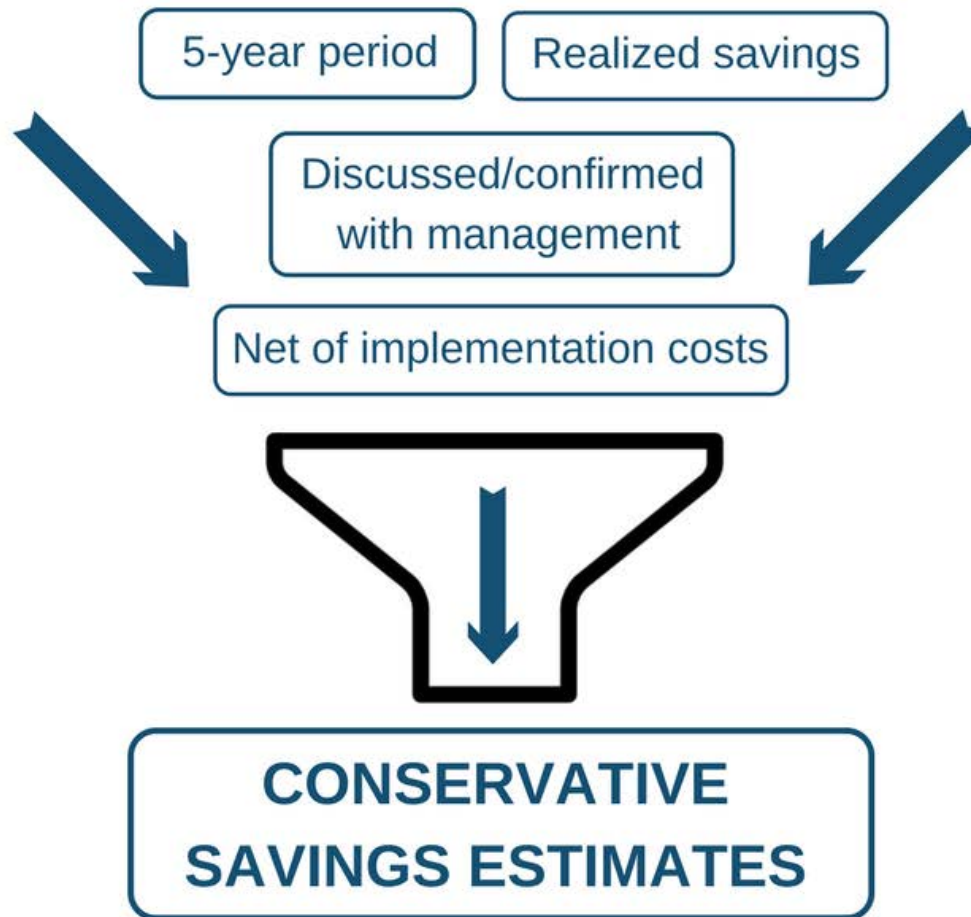
Cost avoidance

New/increased
revenue streams

Better manage
public funds



Savings Estimate



Realized One-time & Projected Five-year Savings (\$Millions) By Year, 2013-2017



Five-year Total - \$203 Million

Return on Investment

Based on Five-year Costs & Savings

2013-2017



Office Costs
\$23.9M



Total Savings
\$203M



\$1



\$8.5

2017 Realized Quantifiable Financial Benefits

7 previously issued audit reports

- Review of TTC Bus Maintenance & Warranty Administration
- Property Tax Assessments & Payment in Lieu of Taxes
- Audit of City Cleaning Services

Forensic Unit Investigations

- Cost Recovery
- Loss Prevention

\$81.4M

Audit Reports Issued in 2017

**Non-quantifiable
Financial Benefits**

or

**Financial Benefits
to be Realized in
the Future**

Municipal Licensing & Standards Division:
3-part audit

TTC Procurement Policies & Practices

Union Station Leasing

Management of the City's Employee Extended
Health & Dental Benefits: Phase 2 audit



2018 The Road Ahead

- 2018 Audit Projects
- Explore Artificial Intelligence – Data Analytics
- External Peer Review