

**Presentation to the Audit Committee
on February 22, 2019
Agenda Item AU1.4**

**AUDITOR
GENERAL**

TORONTO

2018 Annual Report Demonstrating the Value of the Auditor General's Office

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Overview

- 1. Our Mandate**
- 2. 2018 Activities & Accomplishments**
- 3. Our Impact**

Importance of a Strong City Audit Function

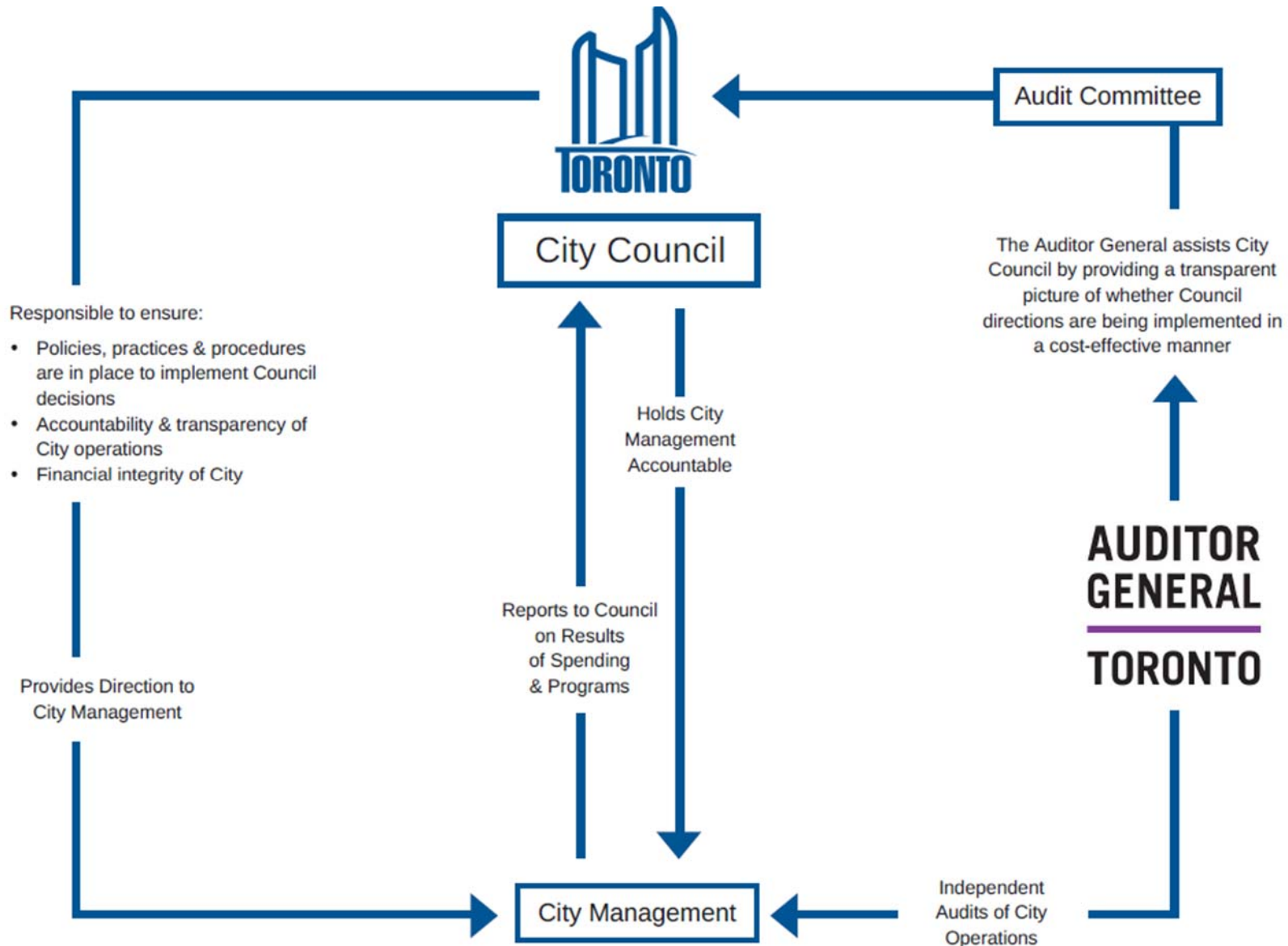
“Individual Councillors ... must be able to count upon the work of an independent auditor in order to fulfill their own oversight duties.”

“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.”

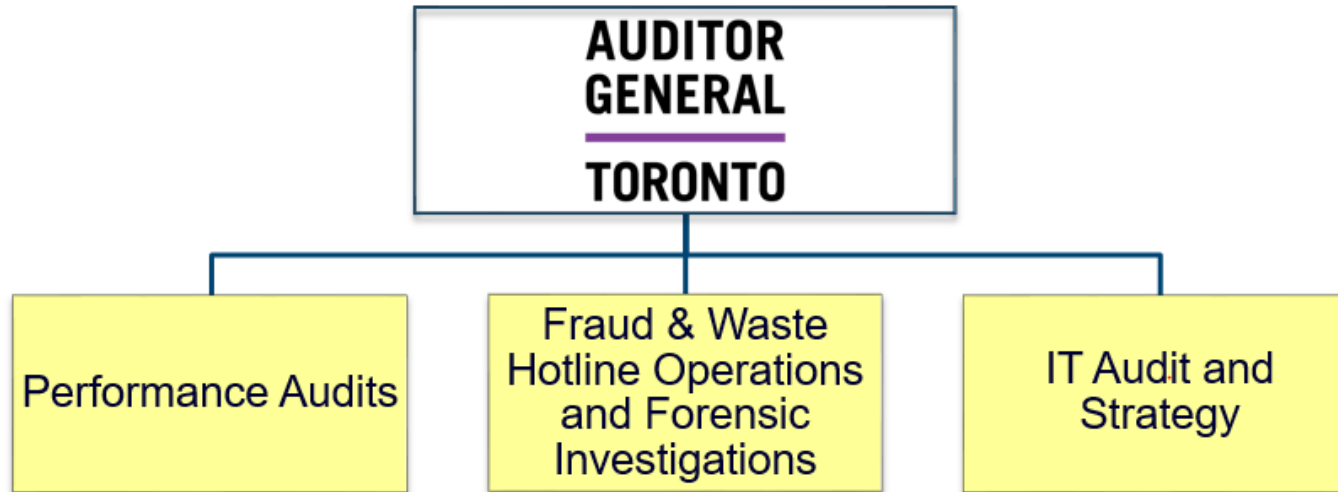
“The Auditor General could also exert influence on management to improve their practices and to keep their focus on the important issues they have to address.”

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, by Denis Desautels, Auditor General for Canada, 1991-2001

“The Auditor General's Office **assists City Council** in holding itself and City Administrators accountable for the quality stewardship over public funds and for achievement of value for money in City operations” (*City of Toronto Act, 2006*)



Key Responsibilities



Key Responsibilities:

- a) Perform financial, compliance and **performance** (value for money) **audits**;
- b) Operate the **Fraud and Waste** Hotline;
- c) Conduct **investigations into fraud** and other wrongdoing, as well as allegations of reprisals against employees under the Disclosure of Wrongdoing and Reprisal Protection rules;
- d) Oversee the contract of the external auditors who perform annual financial statement audits; and
- e) **Follow up on recommendations** from previous audit and investigation reports.

Auditor General's Annual Report

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

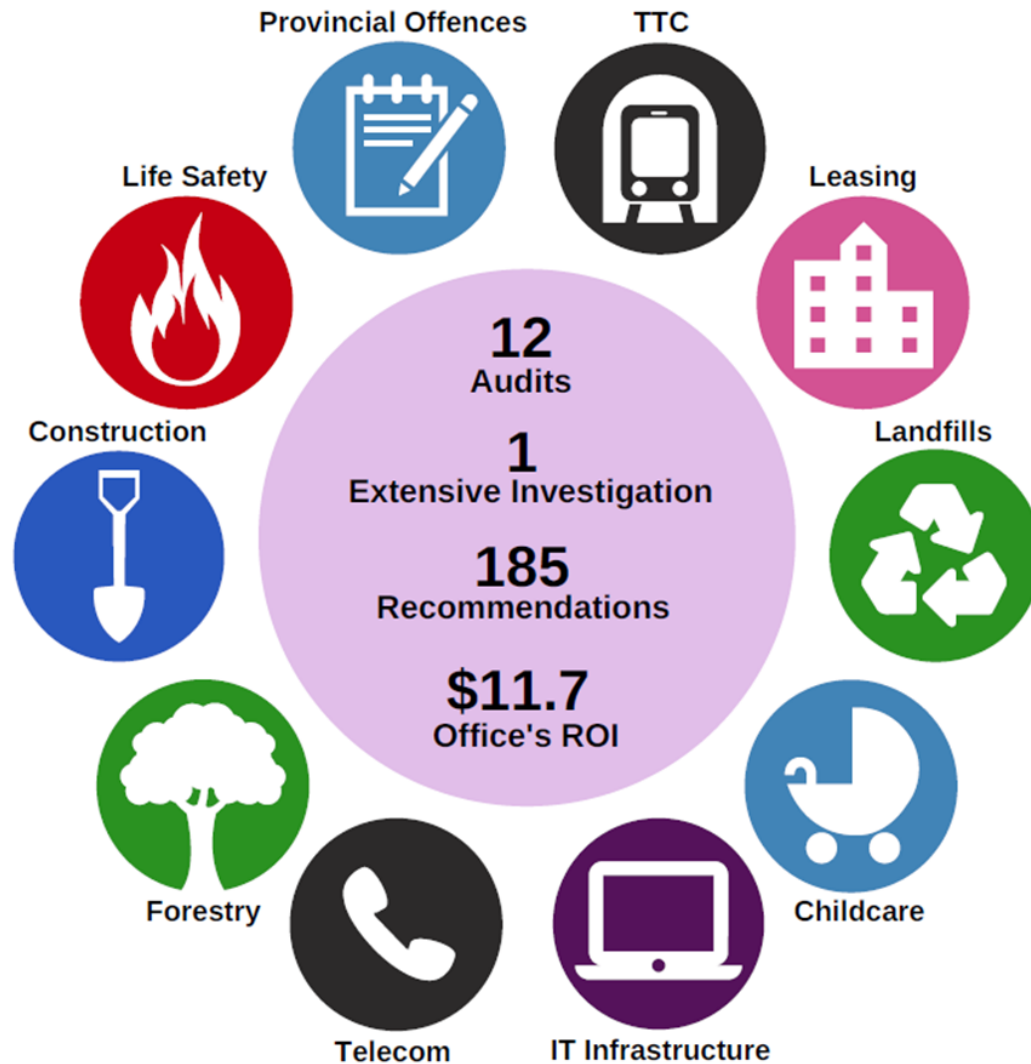


This is the Auditor General's 15th Annual Report

2018 Major Activities & Accomplishments



2018 at a Glance



Types of Benefits

Non-Quantifiable

More effective
operations

Better customer
service

Improved internal
controls & security

Better governance

Quantifiable

Operating cost
reductions

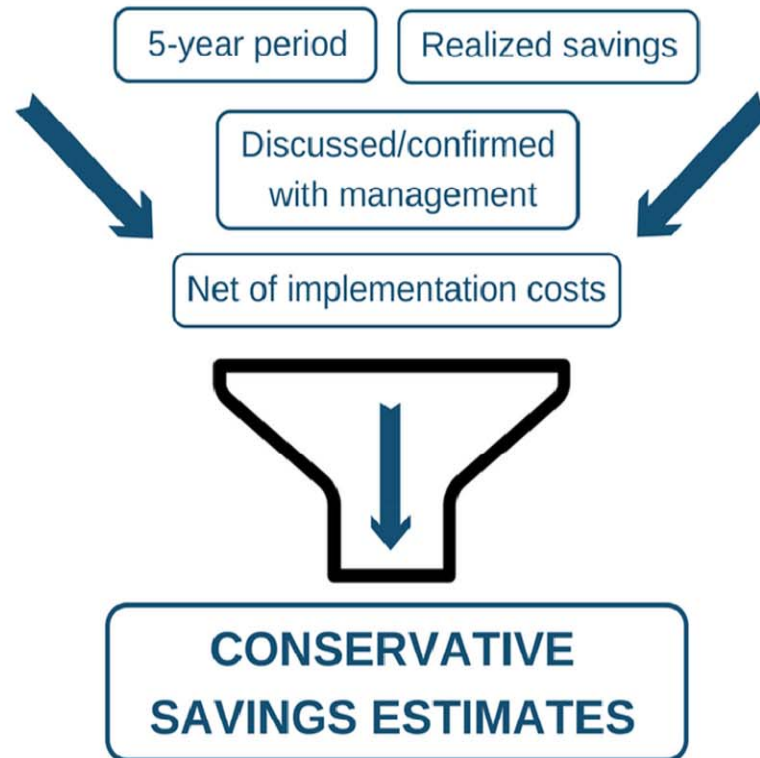
Cost avoidance

New/increased
revenue streams

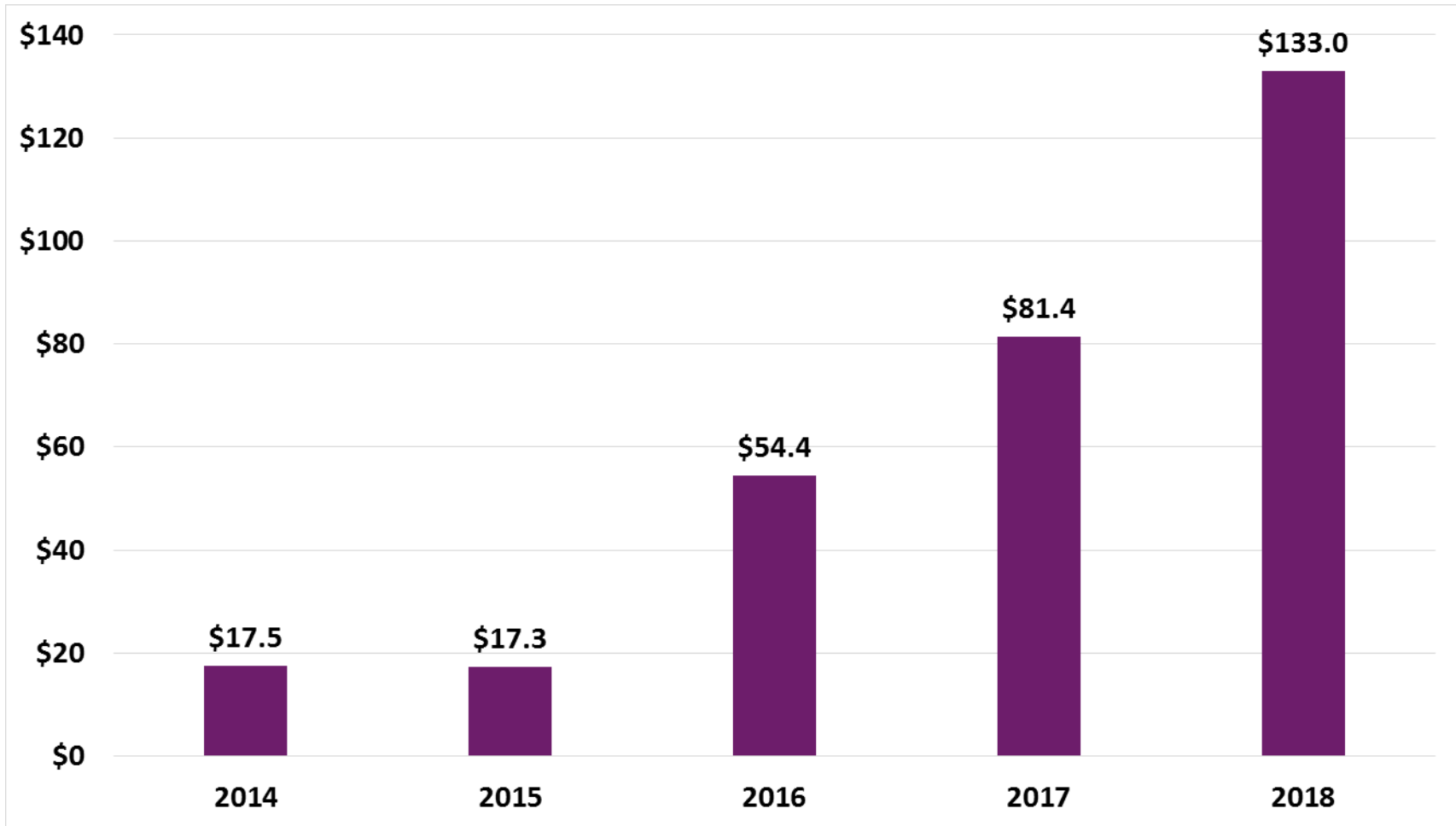
Better manage
public funds



Savings Estimate Underlying Principles



Realized One-time & Projected Five-Year Savings (\$Millions) By Year, 2014-2018



Five-year Total - \$303.7 million

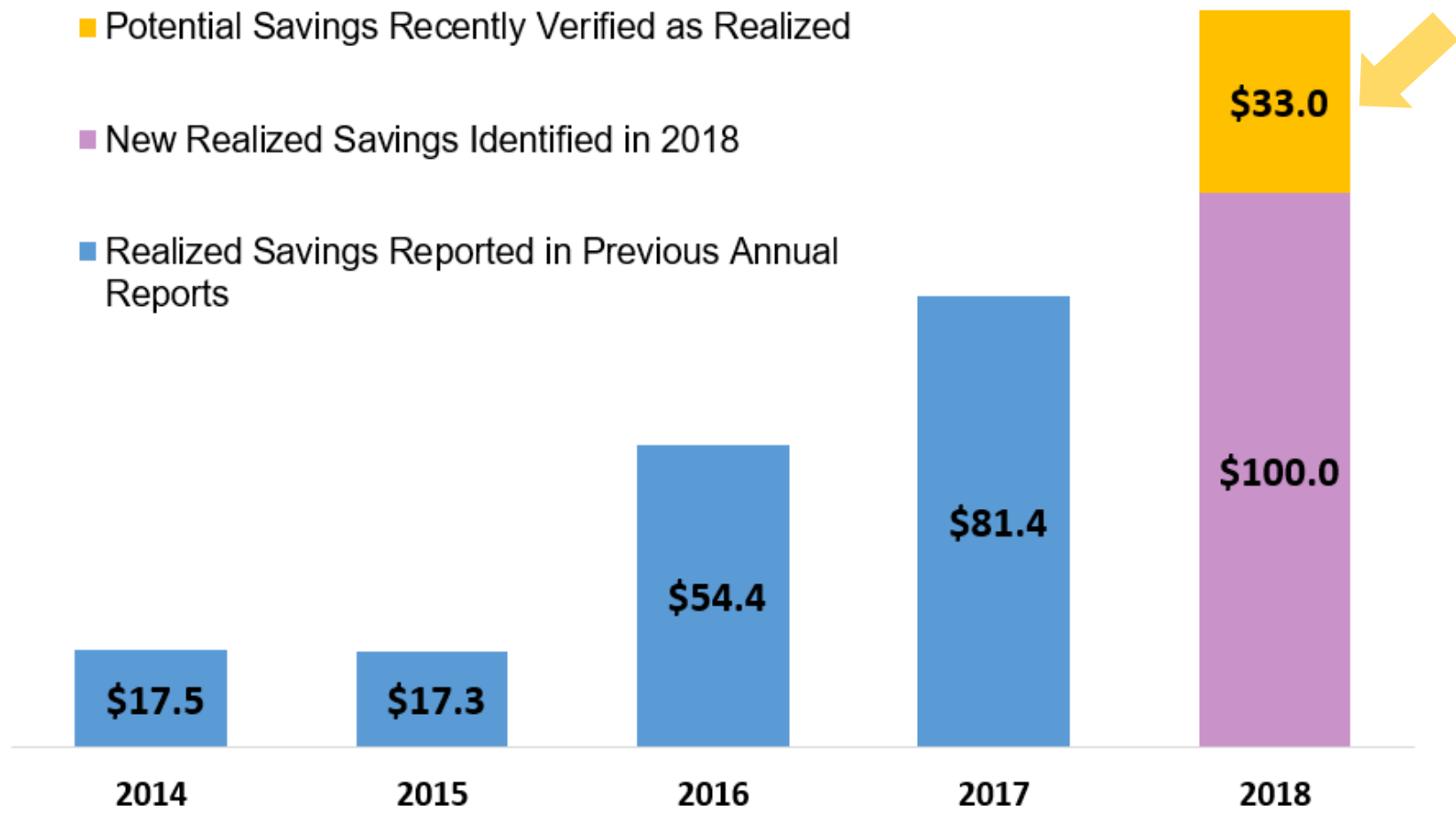
Financial Benefits are Referenced in Divisional Budgets

Table 1: One-time and Recurring Savings (in \$000's) Realized in 2018, Auditor General's Office

| | | One-time 2018/ 2019 | 2020 | 2021 | 2022 | 2023 | Total | Annual Report Pg # | 2019 Division Budget Pg # |
|---|---|---------------------------|-------|-------|-------|-------|---------|--------------------------|------------------------------------|
| Savings Realized from 2018 Audit Reports | | | | | | | | | |
| 1 | Toronto Court Services: Collection of Provincial Offence Default Fines - April 2018 | \$710 | - | - | - | - | \$710 | 5 | 3, 12, 20, 21 |
| 2 | Toronto Transit Commission - Managing Telecommunication Contracts and Payments - May 2018 | \$500 | \$500 | \$500 | \$500 | \$500 | \$2,500 | 13 | 31 |
| 3 | Enhance Focus on Lease Administration of City-owned Properties - June 2018 | \$664 | \$494 | \$494 | \$494 | \$494 | \$2,640 | 10 | 39 |
| 4 | Review of the Green Lane Landfill Operations - Management of Contracts Needs Improvement- June 2018 | \$970 | \$970 | \$970 | \$970 | \$970 | \$4,850 | 12 | 50 |
| Savings Realized from Prior Year Reports | | | | | | | | | |
| 5 | Review of TTC Accounts Payable Functions - September 2017 | \$400 | \$400 | \$400 | \$400 | \$400 | \$2,000 | 22 | *2018 (p.21) |

Annual Report Reflects Realized Savings

Five-year Savings by the Year Identified (in Millions)



Return on Investment

Based on Five-year Costs & Savings

2014-2018



Office Costs
\$25.9M



Total Savings
\$303.7M

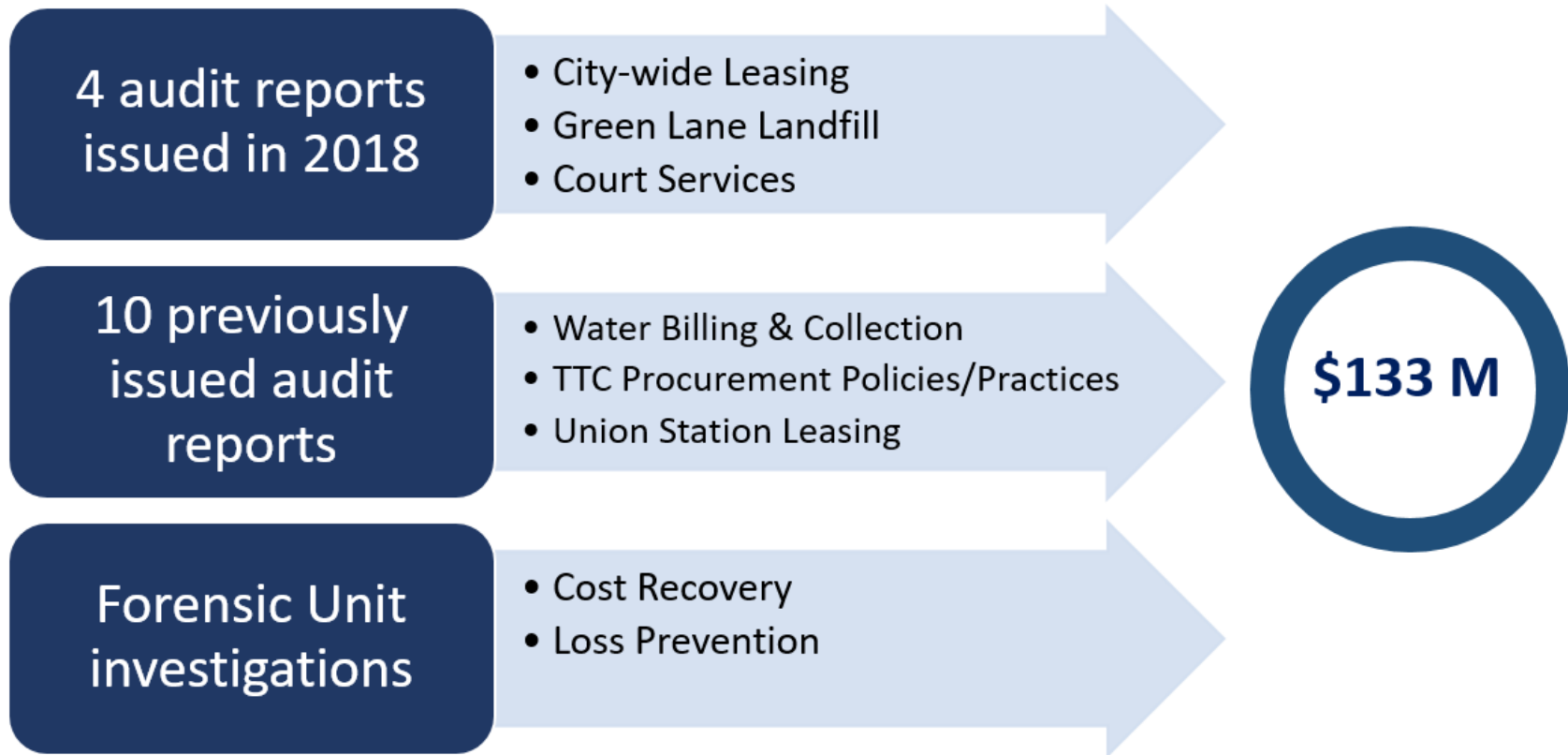


\$1

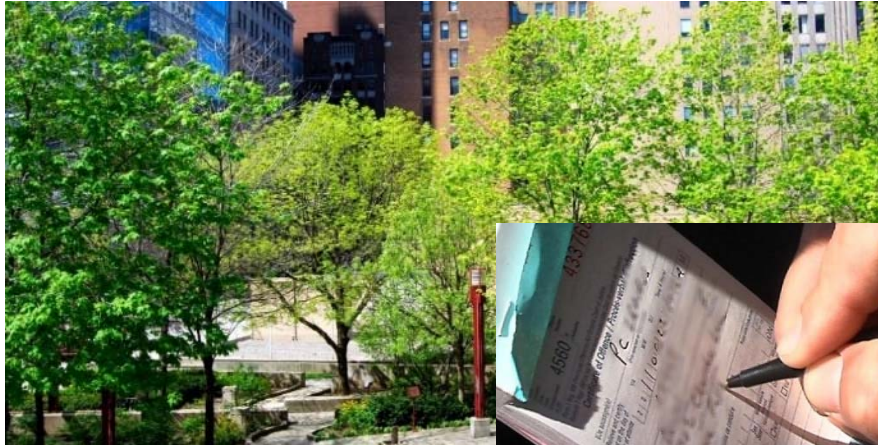


\$11.7

2018 Realized Quantifiable Financial Benefits



Other Notable Reports Issued in 2018



**Reports containing non-quantifiable benefits
or
financial benefits to be realized in the future**



2019 The Road Ahead

1. 2019 Audit Projects – including a City-wide risk assessment
2. Implementing Fraud & Waste Hotline technology
3. Growing capacity and skill level

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