

**Presentation to the Audit Committee
on February 22, 2019
Agenda Items AU1.6/AU1.7**

**AUDITOR
GENERAL**

TORONTO

Auditor General's 2019 Operating Budget & 2019 Work Plan

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2019 Budget Overview and Highlights

1. Our Value
2. Our Challenges & Priority Actions
3. Our Ask

2019 Work Plan

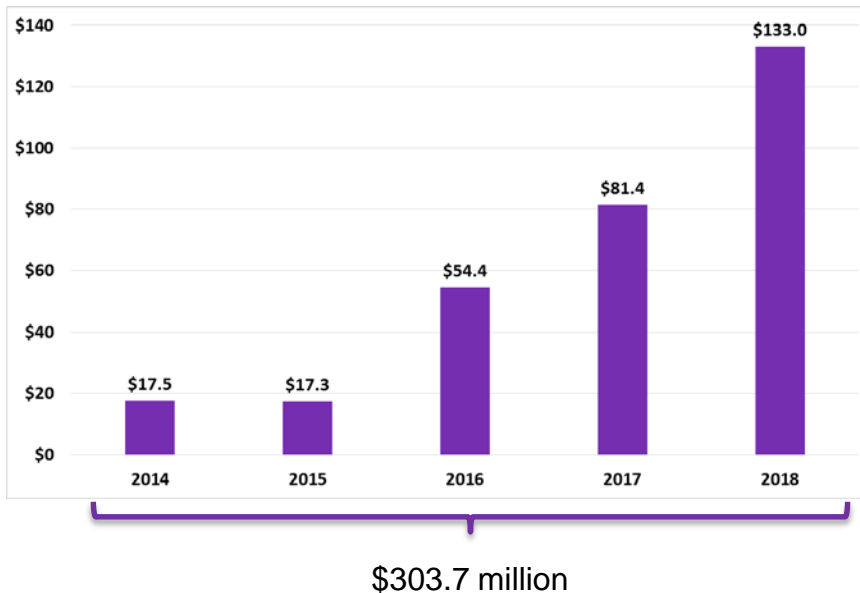


Our Value

Savings from our audits and investigations far outweigh our audit costs

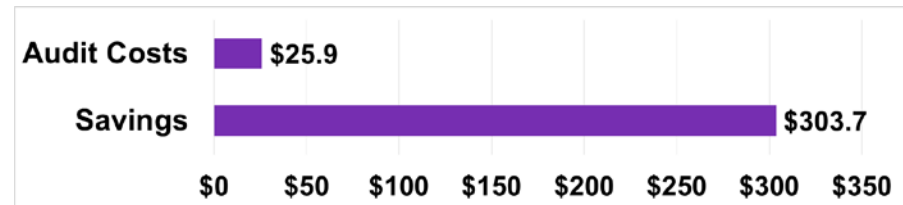
2018 Annual Report:

Realized savings & revenues (in millions) with recurring savings projected over five years



Return on Investment:

Audit costs vs. savings (in millions) over five years

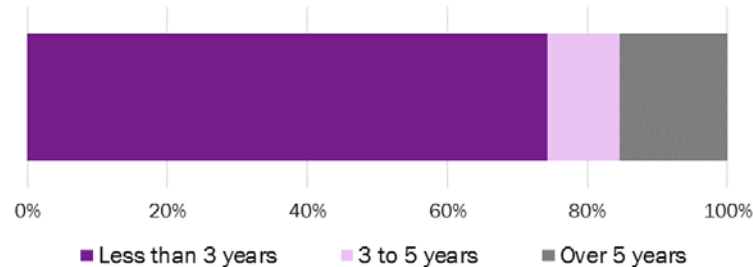


ROI: For every \$1 invested, the City achieves a return of \$11.70

Our Challenges



Length of Time Auditor General's Professional Staff Have Been in Their Current Roles



- **Retaining and developing staff:**
 - Temporary staff are a challenge to retain in a competitive market
 - Investments in developing and preparing staff for the future is put at risk with temporary positions
- **Meeting forensic and reprisal investigation demands in a timely manner:**
 - Unpredictable number and complexity of fraud and reprisal allegations
 - For the City's size and complexity, the Forensic team is small

Our Priority Actions



- 1. Stabilize workforce:** Make permanent the four existing Council-approved temporary positions
 - No net dollar impact in 2019
 - A base impact of less than \$0.4 million should the current temporary funding be rescinded in 2020

- 2. Develop a skilled workforce:** Development at all levels is key
 - Continue to invest in skills transfer and professional development, including our CPA pre-approved training program

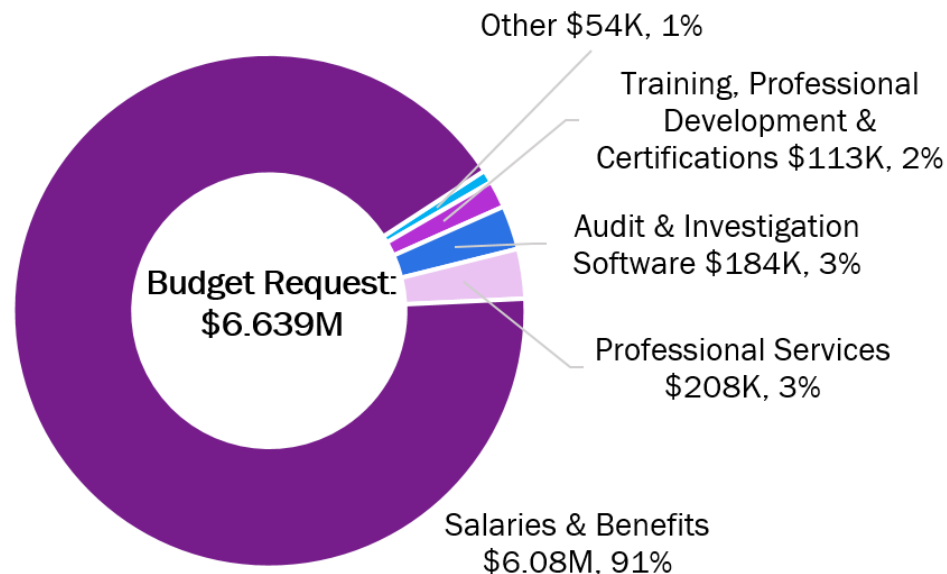
- 3. Create capacity:** Cross-training forensic and investigative staff
 - Supplement with contracts to address volume issues

2019 Auditor General-Recommended Operating Budget: \$6.639 million



- **2.1%** budget increase (\$0.135 million) over the 2018 Approved Net Operating Budget to maintain existing service levels and align staffing to better support value for money audit and investigations.
- **\$0M** New/enhanced funding to make permanent four existing Council-approved temporary positions
- **2020/2021** Sustain investment in the Auditor General's Office at 2019 budget levels, adjusting for increases in salaries and benefits, and inflationary adjustments for contracts and non-payroll items.

Where the money goes:





1. Conducting **performance (value-for-money) audits** – *listed on the next slide*
 - Timing of projects requires flexibility

2. Commencing new **City-wide risk assessment** process to identify audit priorities in 2019
 - Note: Areas not within Auditor General’s mandate
 - Toronto Police Service
 - Toronto Board of Health
 - Toronto Public Library – *Board has requested a risk assessment*

3. Ongoing **in-depth forensic investigations** into allegations of fraud, wrongdoing, and reprisals against employees

2019 Work Plan



Current and Upcoming (2018-2019)

City Divisions

- Centralized **social housing wait list**
- Emergency **shelter** operations
- Urban **Forestry** (Ph. 2) - Tree planting and maintenance
- Engineering and **Construction** Services (Ph. 2) - Contract management processes
- **Fleet** Services
 - Ph. 1: Maintenance incl. contract management
 - Ph. 2: Asset management
- Interface/direct **billing** vendors
- IT **shared services**

Agencies and Corporations

- **TTC Revenue** Operations
 - Ph. 1 - Fare inspection and fare evasion
 - Future Phase(s) - Revenue controls
- **TCHC Revitalizations**
- **Treasury**, investment and cash management (City-wide)

Audit Horizon (2019-2020)

City Divisions

- Transportation Services - **Winter Maintenance**
- Parks, Forestry and Recreation - **Parks** Branch
- City **Planning**
- Affordable **Housing**
- Pension, Payroll and Employee Benefits - Illness or Injury Plan, **Sick Pay** Plan and Sick Occurrences
- Revenue Services - **Administrative Penalty** System
- City **Revenue** Streams
- Operational Review of Shelter, Support and Housing Administration (Future Phases)

Agencies and Corporations

- TCHC Contract Management
- TCHC Property Management
- TTC Bus Transportation Department

Other Significant Areas of Work

- Data analytics
- Investigations

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