

Auditor General's Office 2020 Operating Budget

Date: October 8, 2019

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

In accordance with Chapter 3 of the Toronto Municipal Code, the Auditor General is submitting her 2020 Operating Budget request to the Audit Committee for consideration and recommendation to City Council.

The attached report provides information relating to the Auditor General's 2020 Operating Budget request of \$6.701 million. This is essentially the same budget as last year and is equal to 1/20th of one per cent, or 0.05 per cent, of the City's 2019 Approved Adjusted Budget.

The budget request supports the Auditor General providing the same level of capacity to undertake value for money audits and investigations as in 2019. It is recommended that the time-limited budget increases approved by City Council in 2017 to 2019 be retained permanently to preserve the level of service provided over the last three years.

The Auditor General's 2020 Work Plan is being presented to the Audit Committee at the same meeting as this 2020 Budget Request.

RECOMMENDATIONS

The Auditor General recommends that:

1. Audit Committee approve the attached 2020 Operating Budget for the Auditor General's Office, and forward it to City Council through the Budget Committee.

FINANCIAL IMPACT

The majority of the Auditor General's \$6.701 million budget request (92 per cent) is for salaries and benefits. It is 0.9 per cent higher than the 2019 budget because of standard progression pay increases and adjustments for economic factors.

Table 1: Comparison of 2020 and 2019 Budget and Projections

2020 Budget Request	2019 Approved Budget	2019 Projected Actual*
\$6,700,800	\$6,641,100	\$6,641,100

*Based on Q2 Corporate Variance Report

If the budget is not retained at 2019 levels, the Auditor General will need to reduce staff and contracted specialists that undertake audits and investigations. This also impacts the Office's ability to respond quickly to emerging risks, such as cyber security and breach management, as they arise.

Reductions will ultimately negatively impact the magnitude of financial and non-financial benefits the City achieves as a result of Auditor General audits and investigations, and possibly increase the risks affecting the City.

DECISION HISTORY

The budget request supports the Auditor General providing the same level of capacity to undertake value for money audits and investigations as in 2019. It is recommended the time-limited budget increases approved by City Council in 2017 to 2019 be retained permanently to preserve the level of service provided over the last three years.

COMMENTS

The attached report provides information relating to the Auditor General's 2020 Operating Budget request of \$6.701 million.

This amount is equal to 1/20th of one per cent, or 0.05 per cent, of the City's 2019 Approved Adjusted Budget. It is the Auditor General's view that this is the minimum needed (relative to the City's budget) to allow the Office to keep up with the complexity of audits and investigations, the size of our mandate, and our operating context. The Office also needs to be able to address emerging risks that require immediate attention.

Key Service Issues & Challenges for 2020 and Beyond

1. For the City's size and complexity, the Forensic Unit is small. A number of high-risk complaints are waiting to be addressed. Delays are primarily due to resource constraints.
2. In order to quickly respond to certain information technology risks, the Auditor General has needed to delay audits included in her Annual Work Plan.
3. Experts with specialized skills and tools are sometimes needed and required by audit standards, to supplement the work performed by the Auditor General's staff, such as in the information technology area.

Key Priority Actions

Flexibility within the Auditor General's approved budget and staffing is needed to be able to leverage the use of experts and specialized tools to address emerging risk areas.

Increasing the Auditor General's requested budget by 1/200th of one per cent of the City Budget (to 0.055 per cent), will help to provide assurance that information technology risks and high-risk complaints are being adequately addressed in a timely manner.

Over the longer term, City Council should consider setting the Auditor General's budget as a fixed percentage of the municipal budget to support the Office's independence. Considering the risks facing the City, it is the Auditor General's view that at 0.06 per cent of the City's Operating Budget, the Office would continue to be lean relative to the size and complexity of Toronto's government while being able to address fraud and reprisal allegations and emerging issues appropriately.

CONTACT

Ina Chan, Assistant Auditor General, Auditor General's Office
Tel: (416) 392-8472, Fax: (416) 392-3754, Email: Ina.Chan@toronto.ca

SIGNATURE

Beverly Romeo-Beehler
Auditor General

ATTACHMENTS

Attachment 1: Auditor General's Office 2020 Operating Budget