

Auditor General's Office 2019 Operating Budget

Date: January 21, 2019

To: Budget Committee

From: Auditor General

Wards: All

SUMMARY

This report transmits to Budget Committee the recommended 2019 Operating Budget for the Auditor General's Office.

The Auditor General's report (Attachment 1) provides information to the Budget Committee on her Office's 2019 Operating Budget request. The report supplements the budget notes (Attachment 2) being submitted to the Budget Committee for consideration during its deliberation on the City's 2019 budget, which launches on January 28, 2019.

Chapter 3 of the Toronto Municipal Code states that *"The Auditor General shall submit his or her annual budget request to the Audit Committee for consideration and recommendation to Council"*.

In normal circumstances, the budget of the Auditor General's Office would be considered by the Audit Committee in October, prior to its submission to the Budget Committee. Due to the election and the compressed budget process time frame, this was not possible.

The Audit Committee will consider the Auditor General's report and 2019 Operating Budget request at its meeting on February 22, 2019. The Audit Committee will submit its recommendation regarding the Auditor General's 2019 Operating Budget to Council through Executive Committee at its meeting on March 4, 2019, so that the recommendations from both the Budget Committee and the Audit Committee are before the Executive Committee at the same time.

This approach is consistent with the past practice taken following the 2014 election. The current Budget Chief and the former Chair of the Audit Committee have been updated on the approach being taken this year.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council approve the Auditor General's Office 2019 Operating Budget of \$6.639 million gross and net and the associated staff complement of 36.0 permanent positions.

FINANCIAL IMPACT

The Auditor General's Office Operating Budget request of \$6.639 million is a \$0.135 million (2.1%) increase from the 2018 approved budget. This increase arises from cost of living adjustments and progressive pay increases for existing staff.

The Auditor General's 2019 Operating Budget includes an enhancement request to make four existing Council-approved temporary junior professional positions permanent. This request has no net impact in 2019 and only a base impact of \$0.389 million in 2020 and \$0.008 million in 2021 should the current temporary funding be rescinded.

Budget reductions will have a corresponding negative impact on the Auditor General's ability to identify efficiencies, cost savings, and revenue leakage.

DECISION HISTORY

Over the past two years, City Council approved temporary increases to the Auditor General's budget to boost her capacity to undertake audits and investigations (2017 – \$1.000 million; 2018 – \$0.500 million) so that more cost savings, efficiencies and additional revenues may be identified. The Auditor General increased staffing temporarily to increase capacity, and to speed up and expand audits and investigations.

Council's decisions on the Auditor General's Operating Budget in 2017 and amended in 2018, can be found at:

- 2017: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2> (Recommendation 250)
- 2018: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2> (Recommendation 232)

COMMENTS

In accordance with Toronto Municipal Code Chapter 3, *"The Auditor General shall submit his or her annual budget request to the Audit Committee for consideration and recommendation to Council"*.

The attached report provides additional information for the Budget Committee relating to the 2019 Operating Budget for the Auditor General's Office. This report supplements the

budget notes being submitted to the Budget Committee for consideration during its deliberation on the City's 2019 budget, which launches on January 28, 2019.

This same report will be considered by the Audit Committee on February 22, 2019.

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 2019 Operating Budget
Attachment 2: Auditor General's Office 2019 Budget Notes