



## REPORT FOR ACTION

### Auditor General's Office 2019 Operating Budget

**Date:** January 21, 2019

**To:** Audit Committee

**From:** Auditor General

**Wards:** All

#### SUMMARY

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

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. Therefore, the Auditor General's Office 2019 Operating Budget was submitted for consideration by the Budget Committee at its meeting on February 4 and 6, 2019.

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

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The Auditor General recommends that:

1. Audit Committee approve the Auditor General's Office 2019 Operating Budget request and direct that its recommendation and the attached report from the Auditor General be forwarded to Executive Committee for its meeting on March 4, 2019 for consideration with the Budget Committee recommendations for the 2019 annual budget of the City of Toronto.

## FINANCIAL IMPACT

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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

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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**

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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 Audit 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 launched on January 28, 2019.

This same report was considered by the Budget Committee on February 4 and 6, 2019.

## **CONTACT**

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## **SIGNATURE**

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Beverly Romeo-Beehler  
Auditor General

## **ATTACHMENTS**

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Attachment 1: Auditor General's Office 2019 Operating Budget