

**RE: EX2.5y**

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

**AUDITOR  
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**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**

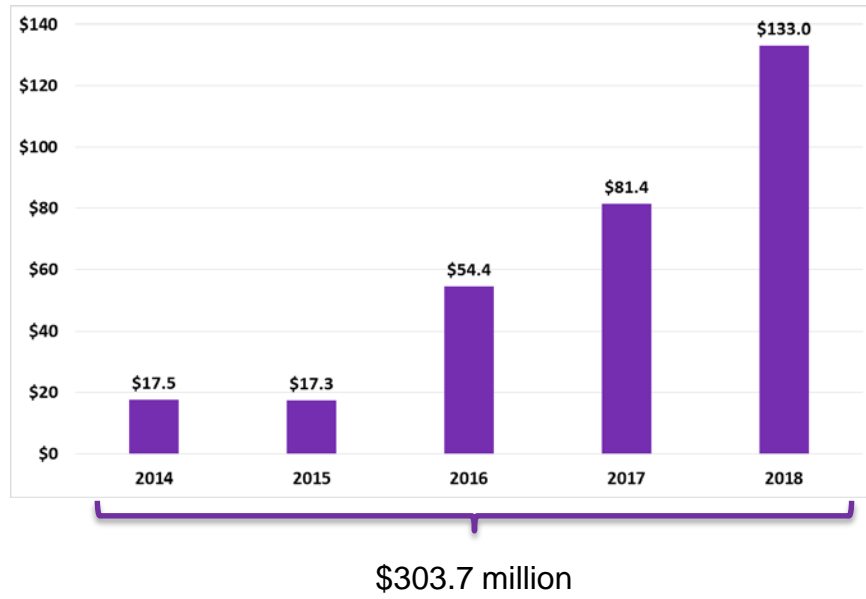


# Our Value

## Savings from our audits and investigations far outweigh our audit costs

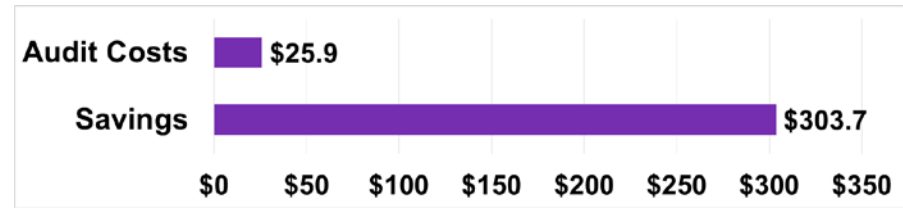
### 2018 Annual Report:

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



### Return on Investment:

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

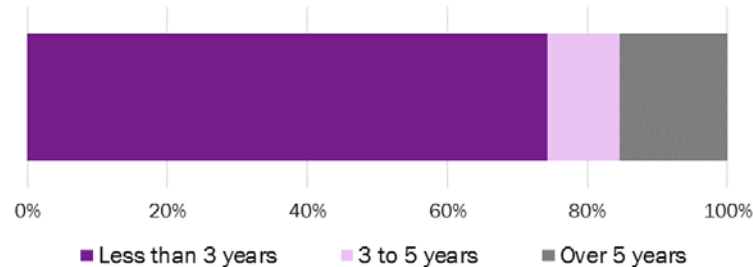


## ROI: For every \$1 invested, the City achieves a return of \$11.70

# 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



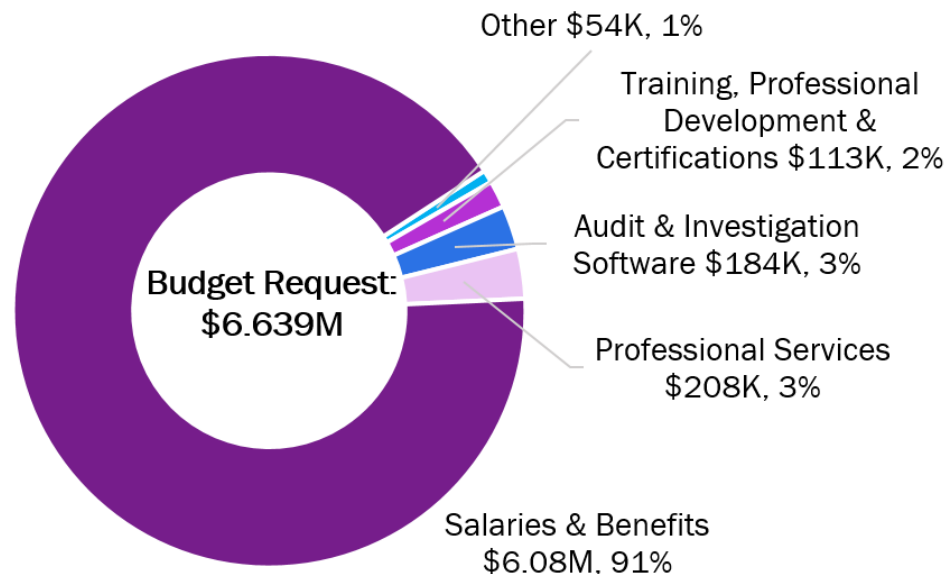
1. **Stabilize workforce:** Make permanent the four existing Council-approved temporary positions
  - No net dollar impact in 2019
  - A base impact of less than \$0.4 million should the current temporary funding be rescinded in 2020
  
2. **Develop a skilled workforce:** Development at all levels is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