

2019 Annual Report - Demonstrating the Value of the Auditor General's Office

Date: January 27, 2020

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

This report provides information on the Auditor General's Office 2019 activities and financial and non-financial benefits.

In 2019, the Auditor General's Office completed 14 performance audits, investigations, and reviews, and issued several other reports. We also conducted our regular follow-up process for outstanding recommendations and managed the City's Fraud and Waste Hotline.

The Auditor General's Office calculates the return on every dollar invested in the Office by comparing the ratio of five-year audit costs to the cumulative estimated five-year realized savings. Since 2015, total one-time and projected five-year cost savings and revenue increases are approximately \$318.8 million. The cumulative costs of operating the Auditor General's Office since 2015 were approximately \$27.6 million. For every \$1 invested in the Auditor General's Office, the return on investment was approximately \$11.5.

The identification of cost savings and increased revenue is only one component of the Auditor General's mandate. Equally important is the ongoing evaluation of governance, risk management and internal controls, the impacts of which are not always easily quantified in financial terms.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council receive this report for information.

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the recommendation in this report.

DECISION HISTORY

In May 2002, City Council approved an independent Auditor General's Office for the City of Toronto in conjunction with the implementation of a new audit framework.

At its meeting of November 23, 2004, the Audit Committee *“requested the Auditor General to provide the value added of his department by identifying:*

- a. actual dollar savings to the City of Toronto;*
- b. potential savings to the City of Toronto;*
- c. at risk dollars to the City of Toronto; and*
- d. for non-identifiable dollar activities, the impact of the audit review on those items.”*

The Toronto Municipal Code requires that the Auditor General report annually to City Council on the activities of the Office, including the savings achieved. Accordingly, the Auditor General has consistently provided annual reports on the benefits of the work completed by the Office.

COMMENTS

The Auditor General's report entitled “2019 Annual Report – Demonstrating the Value of the Auditor General's Office” is attached as Attachment 1.

The report includes an overview of major activities conducted by the Auditor General's Office in 2019, and the financial and non-financial benefits resulting from implementation of recommendations and operation of the Fraud and Waste Hotline.

CONTACT

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SIGNATURE

Beverly Romeo-Beehler
Auditor General

ATTACHMENTS

Attachment 1: 2019 Annual Report – Demonstrating the Value of the Auditor General's Office