

**Presentation to the Audit Committee  
on October 25, 2019  
Agenda Items AU4.8/AU4.9**

**AUDITOR  
GENERAL**  

---

**TORONTO**

# **Auditor General's 2020 Operating Budget & 2020 Work Plan**

**Beverly Romeo-Beehler, CPA, CMA, B.B.A., JD, ICD.D, CFF**  
Auditor General

**Ina Chan, CPA, CA, CISA**  
Assistant Auditor General



- 1. 2019 Highlights**
- 2. 2020 Budget Overview and Highlights**
  - A. Our Ask
  - B. Our Challenges
  - C. Our Priority Actions
- 3. 2020 Work Plan**

# 2019 Highlights

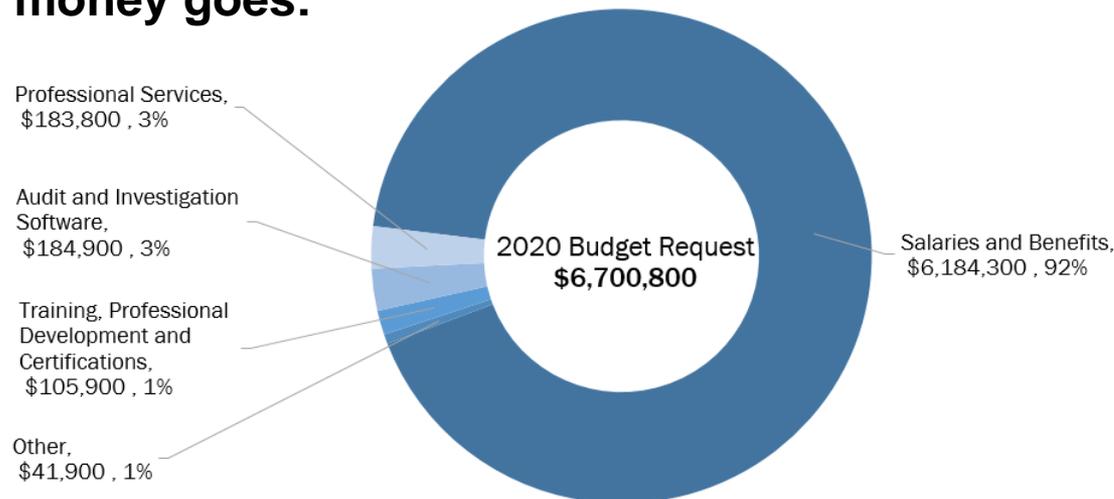


## 2020 Auditor General Recommended Operating Budget: **\$6,700,800**

### The Auditor General's budget request:

- **1/20<sup>th</sup> of one per cent** (.05%) of the City's 2019 Approved Adjusted Budget
- 0.9% higher than 2019:
  - standard progression pay increases
  - adjustments for economic factors
- supports the Auditor General providing the same level of capacity to undertake value for money audits and investigations as in 2019

### Where the money goes:





# Our Challenges for 2020 and Beyond

---

1. **Investigations of high-risk complaints:** A number of high-risk complaints are waiting to be addressed
  - For the City's size and complexity, the Forensic Unit is small
  - Delays are primarily due to resource constraints
  
2. **Responding to emerging risks:** In order to quickly respond, the Auditor General has needed to delay audits included in her Annual Work Plan
  - Information technology risks at the City and its agencies and corporations
  
3. **Supplementing teams with specialized skills and tools :** Experts with specialized skills and tools are sometimes needed and cost money
  - Information technology
  - Forensic investigations

# Our Priority Actions



1. **Allow flexibility:** within the Auditor General's approved budget, staffing, and work plan
  - leverage the use of experts and specialized tools
  - re-prioritize areas of work
  
2. **Consider temporary increases:** increasing the budget to 0.055% of City budget
  - to provide assurance that information technology risks are being addressed
  - to enable high-risk complaints to be addressed in a timely manner
  
3. **Consider a fixed percentage budget:**
  - City Council requested management to report on the feasibility of dedicating a percentage of the City's Budget to Accountability Offices
  - supports the Office's independence
  - at 0.06% of the City's Operating Budget, the Auditor General's Office would continue to be lean relative to the size and complexity of the City



1. Commencing new **City-wide risk assessment** process to identify audit priorities
2. Conducting **performance (value-for-money) audits** – *listed on the next slide*
3. Ongoing **in-depth forensic investigations** into allegations of fraud, wrongdoing, and reprisals against employees



## Current and Upcoming (2020)

### City Divisions

- Transportation Services - **Winter Maintenance**
- Emergency **Shelter** Operations
- Parks, Forestry and Recreation - **Community Recreation**
- Affordable **Housing**
- Revenue Services - **Administrative Penalty** System
- Information Technology - **Infrastructure Security**
- **Information Technology** - **Capital** Projects
- City **Revenue** Streams

### Agencies and Corporations

- **TTC Bus** Transportation
- **TCHC** Contract Management
- **TCHC** Property Management
- **Treasury**, Investment and Cash management (City-wide)

## Audit Horizon (2020-2021)

### City Divisions

- Parks, Forestry and Recreation - **Parks** Branch
- **City Planning** - Operational Review
- Pension, Payroll and Employee Benefits - Illness or Injury Plan, **Sick Pay** Plan and Sick Occurrences
- **Seniors Services and Long-Term Care** - Operational Review
- **Toronto Building** - Operational Review
- Toronto Water and Engineering and Construction Services - **Basement Flooding** Protection Program

### Agencies and Corporations

- **TTC** - Transportation Phase 2
- Agencies and Corporations – **IT Security**
- **Waterfront Toronto**

### Other Significant Areas of Work

- Data analytics
- Investigations

# Recap and Conclusion



**Budget Request:**  
**\$6.701M**



**0.05%**  
**of City Budget**



**92% of budget is**  
**salaries & benefits**

## Service Issue Challenges

1. Some high-risk Fraud & Waste Hotline complaints are waiting to be addressed
2. Certain audits in the Work Plan may be re-prioritized to be able to address emerging risks
3. Experts with specialized skills and tools are sometimes needed to supplement Auditor General's staff

## Key Priority Actions

1. Flexibility within approved budget and staffing
2. Temporarily increasing budget by an additional 0.005% of City Budget will help address IT risks and high-risk complaints
3. Over longer term, Council should consider setting our budget as a fixed percentage (0.06%) of City budget to support the Office's independence

**AUDITOR  
GENERAL**  

---

**TORONTO**