

Auditor General's 2021 Annual Report - Demonstrating the Value of the Auditor General's Office

Date: February 4, 2022

To: Audit Committee

From: Auditor General

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

Confidential Attachment 1 to this report contains information explicitly supplied in confidence to the Auditor General by another level of government or a Crown agency and financial information supplied in confidence to the Auditor General which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

This report provides information on the Auditor General's Office 2021 activities and financial and non-financial benefits achieved by the City through its implementation of report recommendations.

In 2021, the Auditor General's Office presented 14 audit, review and investigation reports, three follow-up reports and seven administrative reports. Additionally, our Fraud and Waste Hotline was as busy as ever managing hundreds of complaints and conducting several complex investigations. We also continued important reviews of the Toronto Police Service, the Toronto Transit Commission's IT infrastructure, the Toronto Building Division, and of Toronto's shelter system.

Every year, we demonstrate the value our Office brings with a quantified return on investment. 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. The City achieved savings of \$464.8 million over the last five years by implementing my reports' recommendations. The cumulative costs of operating the Auditor General's Office since 2017 were approximately \$31.2 million. This means

for every dollar invested in the Auditor General's Office, there was a return of about \$14.90.

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 direct that Confidential Attachment 1 to this report remain confidential in its entirety, as it contains information explicitly supplied in confidence to the Auditor General by another level of government or a Crown agency and financial information supplied in confidence to the Auditor General which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

FINANCIAL IMPACT

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

DECISION HISTORY

The City of Toronto Act, 2006 (the Act), formalized the establishment of the Auditor General. Under the Act, the Auditor General is responsible for assisting City Council in holding itself and City administrators accountable for the quality of stewardship over public funds and for achievement of value for money in City operations. The Auditor General conducts value for money audits and forensic examinations to fulfill this mandate.

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 "Auditor General's 2021 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 2021, and the financial and non-financial benefits resulting from implementation of recommendations and operation of the Fraud and Waste Hotline.

CONTACT

Ina Chan, Deputy Auditor General (A), Auditor General's Office
Tel: (416) 392-8472, E-mail: Ina.Chan@toronto.ca

Niroshani Movchovitch, Audit Director (A), Auditor General's Office
Tel: (416) 392-8477, E-mail: Niroshani.Movchovitch@toronto.ca

SIGNATURE

Beverly Romeo-Beehler
Auditor General

ATTACHMENTS

Attachment 1 – Auditor General's 2021 Annual Report – Demonstrating the Value of the Auditor General's Office

Confidential Attachment 1