

AUDITOR GENERAL

2026 Budget Notes

TORONTO Auditor General's Office

Budget submissions from the Accountability Officers (Auditor General, Integrity Commissioner, Lobbyist Registrar and Ombudsman) have not been the subject of an administrative review and have not been submitted to the City Manager or Chief Financial Officer and Treasurer for review, approval or recommendation prior to submission to the Budget Committee as set out in Chapter 3 of the Toronto Municipal Code, "Accountability Officers."

While we aim to provide fully accessible content, there is no text alternative available for some of the content within these pages. If you require alternate formats or need assistance understanding our charts, graphs, or any other content, please contact us at 416-392-8030 or AuditorGeneral@toronto.ca.

Description

Under Section 178(1) of the *City of Toronto Act, 2006*, 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 assists City Council by conducting performance audits; independent assessments and reviews of cybersecurity, financial, compliance and operational risks; and investigations of complaints received by the Fraud & Waste Hotline. By examining operations of City divisions and certain City agencies and corporations with an independent and objective lens, the Auditor General’s work has been a catalyst for change that has resulted in both financial and non-financial benefits to the City.

Why We Do It

Under the *City of Toronto Act, 2006*, City Council's role includes evaluating the City's policies and programs, ensuring administrative and controllership policies, practices, and procedures are in place to implement Council's decisions, ensuring accountability and transparency of City operations, and maintaining the City's financial integrity.

The Auditor General's Office supports City Council in fulfilling its due diligence responsibilities by independently providing transparent, objective information to help ensure Torontonians' tax dollars are spent as directed by City Council.

In addition to bringing critical information to City Council, the Auditor General's findings and recommendations help to improve the efficiency and effectiveness of the City's programs, systems, and processes, and lead to better outcomes on important issues that affect Torontonians' daily lives. As shown through the Auditor General's Annual Reports, the Office continues to demonstrate the value of the work it performs through the net positive return on investment, and quantifiable and non-quantifiable benefits to the City.

For further information about the Auditor General's Office, please visit the webpage [here](#).

Auditor General's Office

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What Service We Provide

Who We Serve: The Auditor General's audits, investigations, and other reports provide independent information for City Council to hold City administrators accountable for providing stewardship over public funds. The Auditor General's Office is independent of City management.

What We Deliver: The Auditor General's legislated responsibilities, powers and duties are established in Section 178 of the *City of Toronto Act, 2006*. Under Section 178(1), 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 achieving value for money in City operations.*”

The Auditor General assists City Council by providing independent assessments of the quality of stewardship over public funds and whether value for money is being achieved in operations by conducting performance audits; cybersecurity, financial, operational and compliance audits and reviews; and forensic investigations of City divisions and certain City agencies and corporations. The Auditor General can also conduct audits upon request from the Toronto Police Services Board, the Toronto Public Library Board, and the Toronto Board of Health. The Auditor General also follows up on the implementation status of recommendations made in previous reports issued by the Office.

The Auditor General's Office also has an independent oversight role in the investigation of reported wrongdoing. This responsibility is part of the Auditor General's mandate under Section 178 of the *City of Toronto Act, 2006* and her specific responsibilities for investigating complaints and alleged wrongdoing are set out in Chapter 192 of the Toronto Municipal Code, including:

- Operating the Fraud and Waste Hotline Program, including the referral of issues to divisional management
- Conducting investigations into allegations of fraud and other wrongdoing, as well as reprisals against employees under the City's Disclosure of Wrongdoing and Reprisal Protection rules.

In accordance with Chapter 3 of the Toronto Municipal Code, the Auditor General reports to City Council on annual Office activities, including savings achieved. The Auditor General will present her 2025 Annual Report to the Audit Committee on February 12, 2026. The Auditor General's 2024 Annual Report demonstrating the value of the Auditor General's Office is available at: <https://www.toronto.ca/legdocs/mmis/2025/au/bgrd/backgroundfile-252856.pdf>

In 2026, the Auditor General will continue to carry out her mandate by

- completing **high-priority audit projects** in the Auditor General's Work Plan that yield **both quantifiable and non-quantifiable benefits** to how the City delivers its programs and services
- providing valuable **independent cybersecurity assessments of critical systems** of the City and its agencies and corporations, to help the City be well-positioned to detect, mitigate, and **respond to information technology (IT) and cybersecurity risks**
- conducting **investigations of high-risk complaints** that help address and **deter fraud, waste, and other wrongdoing** in the City.

The [Auditor General's Office 2026 Work Plan](#), considered at the November 12, 2025 City Council meeting, includes projects to address the following key areas:

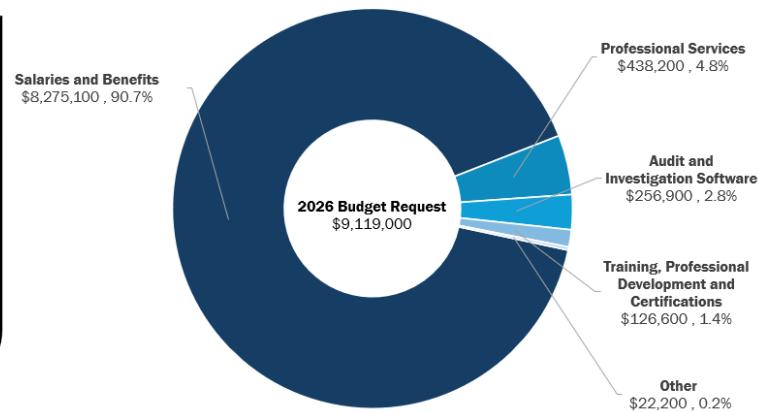
- **Housing & Community** – Toronto Community Housing Corporation / Toronto Seniors Housing Corporation Capital Planning; Supportive Housing
- **Cybersecurity & IT** – Cybersecurity Assessments of Exhibition Place, Toronto Public Library, Toronto Zoo, and other selected critical systems; Toronto Police Service–IT Governance; Cybersecurity Risk of Third-Party Shared Services
- **Infrastructure, Transit & Environment** – Corporate Real Estate Management–Change Orders on Capital Projects; Solid Waste–Contract Management, Administrative Penalty System; Road Maintenance; a transit-related audit

The Auditor General's Office 2026 Work Plan also includes multiple investigations related to allegations of fraud, waste, or other wrongdoing and ongoing follow-up of the implementation status of past report recommendations. In 2026, the Auditor General's Office will conduct a new risk and opportunities assessment of City divisions and its major agencies and corporations. The results of this assessment, together with our annual updates, will be considered when setting the audit priorities for the next five years.

Resources (gross 2026 operating budget): \$9.119 million

Budget at a Glance

2026 OPERATING BUDGET			
In \$ Millions	2026	2027	2028
Revenues	\$0.00	\$0.00	\$0.00
Gross Expenditures	\$9.12	\$9.56	\$9.93
Net Expenditures	\$9.12	\$9.56	\$9.93
Approved Positions	44.0	44.0	44.0



The 2026 Operating Budget request of \$9.119 million is a \$0.291 million (or 3.3 per cent) increase from the Approved Adjusted 2025 Operating Budget for the Auditor General's Office.

The Office is lean relative to the size and complexity of Toronto's government. The Office budget as a percentage of the municipal operating budget (0.05% of the City's 2025 budget), is also among the lowest of major municipalities across Canada, as well as those of a number of municipalities in the United States.

The budget pressure largely arises from:

- an increase in salaries and benefits of \$0.395 million, mainly due to ongoing budget pressures for annual cost-of-living salary adjustments and performance pay increases consistent with the City's Non-Union Pay For Performance Program;
- a \$0.046 million net increase in non-salary expenditures due to increased costs for audit and investigation software on contract renewals, as well as inflationary adjustments, offset in part by savings identified through a line-by-line review;
- a reversal of the one-time enhancement request of \$0.150 million for professional services for experts, specialists and/or contracted forensic investigators to address the request made by City Council on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the PayIt Platform¹ – this work will have been mostly completed in 2025.

¹ 2024.AU6.2

Value of the Auditor General's Office

The City is obtaining considerable value from investing resources into the Auditor General's Office. The Auditor General's findings and recommendations have resulted in millions of dollars in cost savings, efficiencies, avoided costs, and revenue increases. It is our view that the financial and non-financial benefits from the Auditor General's audits, investigations, and other reports continue to bring value to the City and its agencies and corporations.

City Council has required the Auditor General to report on the value of the Office and track savings to the City of Toronto since 2004.² In response to this requirement, the Auditor General submits an Annual Report to City Council, entitled *Demonstrating the Value of the Auditor General's Office*, which summarizes the activities and the quantifiable financial and non-financial benefits of the Office.

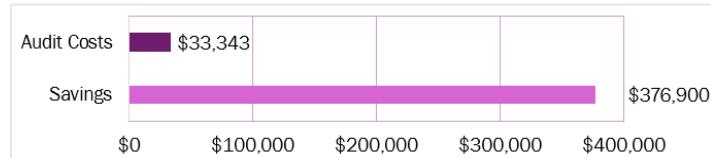
The Auditor General will present her 2025 Annual Report to the Audit Committee on February 12, 2026. The Auditor General's 2024 Annual Report demonstrating the value of the Auditor General's Office is available at:

<https://www.toronto.ca/legdocs/mmis/2025/au/bgrd/backgroundfile-252856.pdf>

Financial Benefits

In our reports, we quantify the potential financial benefits of implementing the Auditor General's recommendations whenever possible. These financial benefits, referred to as "savings", can include cost reductions, new or increased revenue streams, or future cost avoidance. These savings are included in the Auditor General's annual reports when the Auditor General's Office has, in consultation with management, verified that they have been realized³. Savings identified through the Auditor General's audits, investigations and other projects far outweigh the costs to operate the Office.

Audit costs vs. savings (000s) over five years



*Values are from the [2024 Annual Report](#). Updated values will be provided in the 2025 Annual Report, which will be presented to Audit Committee at its meeting on February 12, 2026.

- Management's implementation of the Auditor General's recommendations results in increased revenues, development of new revenue streams, operating cost reductions, cost avoidance, better use of City resources, and/or the elimination of inefficiencies
- Over five years, City Council invested \$33.3 million* in the Office (2020-2024); and, in the last five years of annual reports (2020-2024), the Auditor General has reported that the City achieved total cumulative estimated savings of over \$376 million* from one-time and annually recurring amounts projected over a five-year period, after implementing the Auditor General's recommendations
- A return of about \$11* to the City for every \$1 invested in our Office

² City Council reaffirmed the importance of doing so as part of a recommendation adopted during the 2019 budget process ([EX2.5](#), Recommendation #113).

³ The approach used to calculate savings and return on investment is discussed on p.31-34 of the [Auditor General's 2024 Annual Report: Demonstrating the Value of the Auditor General's Office](#)

Non-financial Benefits

Identifying opportunities to increase cost savings and revenues is only one component of the Auditor General's mandate. Equally important are the non-financial benefits that come from the Auditor General's recommendations. These include strengthened internal controls, cybersecurity controls, improved policies and procedures, better management and use of City resources, increased operational efficiency, better customer service, and increased detection and prevention of serious safety and security issues. The following are examples of reports the Office completed in 2025 where the benefits were either non-financial in nature or could not be conservatively quantified at the time the reports were issued.

Report	Non-quantifiable benefit
<i>Multiple Cybersecurity projects (Toronto Police Service follow-up, Exhibition Place Phase 1)</i>	With cybersecurity threats evolving across the globe, the City and its agencies and corporations must ensure their cybersecurity programs are adapting to new challenges and threats. Implementing strengthened cybersecurity controls will help agencies and corporations to prevent, detect, and protect against a potential cyber attack, and help to limit the impacts of a potential cyber incident.
<i>Audit of Toronto Water: Stormwater and Wastewater Contract Management</i>	Strengthening and improving Toronto Water's contract management oversight will help ensure state-of-good-repair (SOGR) projects remain on schedule, change orders are properly documented, analyzed and tracked, and drive performance of consultants, contractors and the overall program.
<i>2025 Winter Maintenance Program Follow-Up</i>	Strengthening oversight of the City's winter maintenance program, modernizing real-time monitoring of operations, and enforcing consistent contract compliance will help the City identify service gaps, hold contractors accountable for missed locations, and respond more effectively when service levels are not met.
<i>Audit of Transportation Services: Utility Cut Permit and Inspection Processes</i>	Enhancing Transportation Services oversight and monitoring of utility cut permit and inspection processes will help improve permit application processing time, improve inspections and deficiencies monitoring, and better track and integrate utility cut data.
<i>Audit of Parks Branch Operations: Phase 2</i>	Improving policies, procedures, processes, and systems supporting how the Parks Branch tracks and manages service requests will help ensure work orders and public complaints regarding maintenance and repair needs are identified, prioritized and addressed in a timely manner.
<i>Audit of the TTC's Non-Union Workforce Planning and Management</i>	Enhancing workforce planning, monitoring, and succession planning will help ensure TTC's operations continue to run smoothly without interruption. Improving the TTC's employee feedback and complaints mechanisms will build trust and confidence with employees, leading to a positive impact on employee engagement and retention.
<i>Audit of the City's Low Dollar Value Purchases</i>	Enhancing how the Purchasing and Materials Management Division provides support for divisional procurement will help increase operational efficiency related to low- and medium- dollar value purchasing without compromising policy compliance.
<i>Audit of Toronto Shelter and Support Services – Warming Centres and Winter Respite Sites</i>	Better understanding demand and improving Toronto Shelter and Support Services' financial accountability and monitoring of costs to operate Winter Respite Sites and Warming Centres will help to stretch existing funding further to make more beds available in warm indoor spaces for people experiencing homelessness in the winter.
<i>FIFA World Cup 2026 – Toronto: Governance Lessons Learned</i>	Enhancing governance and guidelines will help keep City Council appropriately informed to make timely decisions related to future mega or large international events.
<i>Fraud Investigation Involving Multiple City of Toronto Electricity Accounts</i>	Raising awareness for the City and its agencies and corporations to be diligent in reviewing electricity invoices and ensure they have a process in place to identify if a switch in electricity accounts to a third-party energy retailer is made to help prevent losses.

In addition to conducting in-depth audits and investigations, the Auditor General's Fraud & Waste Hotline Program has helped to reduce losses and has resulted in the protection of City assets. Without the Hotline Program, certain losses from incidents of fraud and waste might not have been identified or recovered.

How Well We Are Doing

The Toronto Municipal Code requires that the Auditor General report annually to City Council on the activities of the Office, including the savings achieved. The Auditor General will present her 2025 Annual Report to the Audit Committee on February 12, 2026. The Auditor General's 2024 Annual Report demonstrating the value of the Auditor General's Office is available at: <https://www.toronto.ca/legdocs/mmis/2025/au/bgrd/backgroundfile-252856.pdf>.

Service	Measure	2024 Actual	2025 Target	2025 Projection	2026 Target	2027 Target
Outcome Measures						
Deliver impactful performance audits, investigations, and other reports	Reports with findings and recommendations to achieve improved outcomes and financial and non-financial benefits for the City (e.g., savings, better cybersecurity, etc.) as described in our Annual Reports	10 reports	10-12 reports	12 reports	10-12 reports	10-12 reports
	Auditor General recommendations implemented by management that lead to financial and non-financial benefits (from inception)	85% ⁴	90%	88% ⁴	90%	90%
Demonstrate value through quantifiable financial benefits	Positive return on investment (ratio of five-year audit costs to five-year estimated realized savings)	\$11	\$10	\$9+	\$10	\$10
Review and investigate complaints and allegations to the Fraud & Waste Hotline	Prevention, detection, and deterrence of fraud, waste, and other wrongdoing by operating a 24/7 hotline. Activities and outcomes are further described in our Fraud & Waste Hotline Annual Reports ⁵	679 complaints 1,050 allegations	N/A	690 complaints ⁵ 1,070 allegations	N/A	N/A
Maintain compliance with Government Auditing Standards	Successfully pass the external quality assurance review every three years ⁶	Pass	N/A	N/A	N/A	Pass

⁴ While management continues to make progress, the Auditor General has not yet verified all recommendations reported as implemented. Management has reported an additional 4% of recommendations have been fully implemented or are no longer relevant as at September 2025, which could bring the implementation rate up to 89% (89% in 2024) once management's assertions have been verified. The Auditor General continues to focus on verifying the status of high-priority recommendations as resources permit.

⁵ Complaint activity may increase or decrease because of the dynamic nature of the Fraud & Waste Hotline program

⁶ In 2024, an external peer review of the Auditor General's Office was completed, covering the period from January 1, 2021 to December 31, 2023. The next external peer review of the Auditor General's Office will occur in 2027 and will cover the period from January 1, 2024 to December 31, 2026.

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

In recent years, the Auditor General has completed a number of comprehensive and complex audits, investigations, and other reports covering a broad range of programs and services across the City and its agencies and corporations. This work has been a catalyst for change across the City.

In addition to bringing critical information to City Council, the Auditor General has continuously delivered impactful findings and recommendations to the City and its agencies and corporations, including our reports in 2025 aimed at:

- strengthening **cybersecurity controls**, helping to prevent, detect, and protect against a potential cyber attack, and helping to limit the impacts of a potential cyber incident (e.g., **Toronto Police Service, Exhibition Place**)
- supporting vibrant parks by improving **park asset management and repair processes**
- stretching existing funding for **winter respite sites** and **warming centres** to potentially make more beds available to support individuals experiencing homelessness during the cold winter months
- improving the **TTC's non-union workforce planning** and management processes, contributing to a positive impact on employee engagement and retention of its existing workforce.
- reinforcing the importance of accountability and oversight of contractors and consultants overseeing the City's **state-of-good-repair stormwater and wastewater projects** to ensure timely project delivery, and that change orders are adequately supported, diligently reviewed, and approved
- strengthening the effectiveness, efficiency, and oversight of the City's **utility cut permit and inspection** processes that protect public safety and preserve road infrastructure quality and longevity

Through our Annual Reports, the Auditor General's Office continues to demonstrate the value of our work through a positive return on investment and the quantifiable and non-quantifiable benefits of our findings and recommendations.

Key Challenges and Risks

The Auditor General's 2026 Operating Budget request reflects the resources needed to address her 2026 Work Plan. City Council's commitment to maintaining the Auditor General's Office base budget, will continue to help ensure that audits of priority areas and emerging risks, as well as investigations of high-risk complaints, are addressed in a timely manner.

1. **Potential requests to amend the work plan (in-year) and/or additional new projects to address emerging risks** are not contemplated in the Auditor General's 2026 Operating Budget request and 2026 Work Plan – addressing such requests or emerging risks within the existing staff complement and budget constraints would necessitate a delay / deferral of other projects on the work plan.
2. The **Auditor General's budget is comprised mainly of salaries and benefits**. Operating at full staff complement, as well as ongoing budget pressures arising from the City's expanded non-union salary bands, means that **any reduction to the Auditor General's 2026 base operating budget request would require a gapping of any vacancies that may arise during 2026 and/or a reduction of staff**. For example, in order to keep the 2026 base budget of \$9.119 million equal to the 2025 Approved Adjusted Operating Budget for the Auditor General's Office of \$8.828 million, an amount of \$0.291 million would have to be deducted from the 2026 budget request. Such a reduction can only be accommodated by not filling any new vacancies that may arise during the year and then potentially reducing the number of existing Auditor General's Office staff, potentially delaying or deferring a project included in the 2026 Work Plan.

3. The Auditor General's 2026 Operating Budget includes funding for two cybersecurity assessments and where appropriate, limited flexibility to engage specialists or other resources to support audits, investigations, and follow-up of implemented report recommendations (including potential cybersecurity follow-up assessments). The Auditor General's 2026 Operating Budget **does not include funding for specialists and other resources needed to perform any additional projects** not already included in the Auditor General's 2026 Work Plan (including City Council motions to amend the Work Plan or consider additional projects). Each additional project would require an addition of approximately \$0.125 million to the Auditor General's operating budget.

Priority Actions

1. **Continue to deliver high-priority audit projects and conduct investigations of high-risk complaints.** In order to effectively deliver her mandate, the Auditor General will continue to respond to key priorities and emerging risk areas in a timely manner, adjusting the timing of projects in the 2026 Work Plan where needed. Looking forward to 2026, the Auditor General and her staff will continue to work diligently to deliver on:
 - completing **high-priority audit projects** on the Auditor General's Work Plan that yield **both quantifiable and non-quantifiable benefits** to how the City delivers its services
 - providing valuable **independent cybersecurity assessments of critical systems** of the City and its agencies and corporations, to help the City be well-positioned to detect, mitigate, and respond to **IT and cybersecurity risks**
 - conducting **investigations of high-risk complaints** that help address and deter fraud, waste, and other wrongdoing in the City.
 2. **Focus on retention of existing work force and continue to develop staff from within**, now that we are operating at full complement after several years facing challenges with attracting and retaining high performing staff and unplanned leaves. Looking forward to 2026, the Auditor General will focus on continuing to develop the technical knowledge, leadership skills and experience of staff, many of whom were hired within the last three years, in order to support ongoing retention of talent within the Office.
 3. **Flexibility to engage specialists and invest in systems needed to support audits and investigations.** In accordance with auditing standards, the Auditor General must determine the appropriate staffing for audits and investigations. This requires the Auditor General to have some flexibility within the Office's approved budget to be able to leverage the use of experts and contracted professionals who provide specialized skills to supplement the existing staff complement. The Auditor General will also continue to maintain investments in IT systems, software, and specialized investigative tools that allow the Office to deliver its mandate effectively and efficiently. We note that some systems, software and/or tools will need to be upgraded within the next few years.
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RECOMMENDATIONS

The Auditor General recommends:

1. The 2026 Operating Budget for the Auditor General's Office of \$9.119 million gross and net:

	Gross Expenditures (\$000s)	Revenues (\$000s)	Net Expenditures (\$000s)
Auditor General's Office Budget	\$9,119.1	\$0.0	\$9,119.1

- The 2026 staff complement for the Auditor General's Office comprised of 44.0 operating positions.

2026

OPERATING BUDGET

2026 OPERATING BUDGET OVERVIEW

Table 1: 2026 Operating Budget by Service

(In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Base Budget	2026 New/ Enhanced	2026 Budget	Change vs. 2025 Budget
By Service	\$	\$	\$	\$	\$	\$	\$
Revenues							
Auditor General's Office							N/A
Total Revenues							N/A
Gross Expenditures							
Auditor General's Office	7,521	8,828	8,580	9,119		9,119	291 3.3%
Total Gross Expenditures	7,521	8,828	8,580	9,119		9,119	291 3.3%
Net Expenditures	7,521	8,828	8,580	9,119		9,119	291 3.3%
Approved Positions**	44.0	44.0	N/A	44.0		44.0	0.0%

*2025 Projection based on 9-Month Variance

**Year-over-year comparison based on approved positions

KEY DRIVERS

Total 2026 Budget expenditures of **\$9.119 million** (gross) reflects an increase of \$0.291 million in spending above the 2025 Budget, predominantly arising from an:

- Increase in salaries and benefits of \$0.395 million to reflect adjustments including Cost of Living Adjustment (COLA), Pay for Performance increases and benefit changes
- Increase in non-salary expenditure of \$0.046 million to reflect inflationary adjustments, contractual increases relating to renewal of the contracts for audit and investigation software licenses, partially offset by savings identified through a line-by-line review
- Decrease of \$0.150 million following the reversal of the one-time enhancement in 2025 for professional services for experts, specialists and/or contracted forensic investigators to address the request made by City Council at its meeting on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the PayIt Platform⁷ - this work will have been mostly completed in 2025.

EQUITY IMPACTS OF BUDGET CHANGES

The Auditor General's Office considers equity impacts when conducting audits. Audits included in the Auditor General's Office 2026 Work Plan, where findings and recommendations may have direct or indirect equity impacts, including the audits of TCHC/TSHC Capital Planning and Delivery and Supportive Housing.

⁷ 2024.AU6.2

2026 OPERATING BUDGET KEY COST DRIVERS

The 2026 Net Operating Budget for the Auditor General's Office of \$9.119 million is \$0.291 million, or 3.3% greater than the 2025 Net Budget. Table 2 below summarizes the key cost drivers for the 2026 Budget.

Table 2: 2026 Key Cost Drivers

(In \$000s)	2026				2027 Annualized Impact (Net)
	Revenues	Gross Expenditures	Net Expenditures	Positions**	
2025 Projection*		8,579.8	8,579.8		N/A
2025 Budget		8,827.8	8,827.8	44.0	N/A
Key Cost Drivers:					
Prior Year Impacts					
Reversal of one time enhancement request to respond to Council Direction 2024.AU6.2 (Forensic Investigation - PayIT Procurement)		(150.0)	(150.0)		
Salaries and Benefits					
Salaries and Benefits Adjustments		394.9	394.9		429.3
Non-Salary Inflation					
Inflationary Adjustments		13.9	13.9		12.0
Other Changes					
Incremental Technology Costs		37.4	37.4		(0.3)
Sub Total Key Cost Drivers	296.2	296.2			441.1
Affordability Measures		(4.9)	(4.9)		
Total 2026 Base Budget	9,119.1	9,119.1	44.0		441.1
2026 Budget	9,119.1	9,119.1	44.0		
Change from 2025 Budget (\$)	291.3	291.3			N/A
Change from 2025 Budget (%)	3.3%	3.3%	0.0%		N/A

*Based on 9-Month Variance

**Year-over-year comparison based on approved positions

Key Base Drivers:

Prior Year Impacts:

Decrease of \$0.150 million to reflect the reversal of the one-time enhancement in 2025 for professional services for experts, specialists and/or contracted forensic investigators to address the request made by City Council at its meeting on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the PayIt Platform⁸ - this work will have been mostly completed in 2025.

Salaries and Benefits:

Increase in salaries and benefits of \$0.395 million to reflect adjustments including Cost of Living Adjustment (COLA), Pay for Performance increases and benefit changes.

Non-Salary Inflation:

Increase in non-salary expenditure of \$0.014 million to reflect inflationary adjustments.

Other Changes:

Increase in technology costs of \$0.037 million to reflect adjustment related to renewal of audit and investigation software contracts.

⁸ 2024.AU6.2

Affordability Measures

Table 3: Affordability Measures

Recommendation	Savings Type	Equity Impact	(In \$000s)			2026			2027 (Incremental)		
			Revenues	Gross Expenditures	Net Expenditures	Positions	Gross Expenditures	Net Expenditures	Positions	Gross Expenditures	Net Expenditures
Reduce non-salary expense budget as a result of line-by-line review	Line-by-line	No Impact		(5)	(5)						
Total Affordability Measures				(5)	(5)						

2027 AND 2028 OUTLOOK

Table 4: 2027 and 2028 Outlook

(In \$000s)	2026 Budget	2027 Incremental Outlook	2028 Incremental Outlook
Revenues			
Total Revenues			
Gross Expenditures			
Salaries and Benefits Changes		429.3	342.5
Inflationary Impacts and Contractual Increases		11.8	26.5
Total Gross Expenditures	9,119.1	441.1	369.0
Net Expenditures	9,119.1	441.1	369.0
Approved Positions	44.0		

*Year-over-year comparison based on approved positions

Key Outlook Drivers

The 2027 Outlook with total gross expenditures of \$9.560 million reflects an anticipated \$0.441 million or 4.8% increase in gross expenditures above the 2026 Operating Budget. The 2028 Outlook expects a further increase of \$0.369 million or 3.9% above 2027 Outlook.

These changes arise from the following:

- **Salary and Benefits:** Increase of \$0.429 million in 2027 and \$0.343 million in 2028 is due to cost-of-living adjustment (COLA), pay for performance increases, benefit rate changes and an adjustment for one less working day in 2028.
 - **Inflationary Impacts and contractual increases:** Economic factor adjustments and contractual increases for non-salary expenditure items.
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APPENDICES

Appendix 1

2026 Operating Budget by Category

Category (In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Budget	2026 Change from 2025 Budget	
	\$	\$	\$	\$	\$	%
Total Revenues					N/A	
Salaries and Benefits	6,933.5	7,880.3	7,632.3	8,275.1	\$ 394.8	5.0%
Materials and Supplies	0.9	6.2	6.2	5.2	\$ (1.0)	(16.1%)
Equipment	33.8	32.3	32.3	27.1	\$ (5.2)	(16.1%)
Service And Rent	552.8	909.0	909.0	811.7	\$ (97.3)	(10.7%)
Total Gross Expenditures	7,521.0	8,827.8	8,579.8	9,119.1	291.3	3.3%
Net Expenditures	7,521.0	8,827.8	8,579.8	9,119.1	291.3	3.3%

*2025 Projection Based on 9-Month Variance

Appendix 2

Summary of 2026 Service Changes

N/A

Appendix 3

Summary of 2026 New/Enhanced Requests Included in Budget

N/A

Appendix 4a

Operating Program Provincial/Federal Funding Streams by Program

N/A

Appendix 4b

Capital Program Provincial/Federal Funding Streams by Project

N/A

Appendix 5

2026 Capital Budget; 2027-2035 Capital Plan Including Carry Forward

N/A

Appendix 5a

2026 Cash Flow and Future Year Commitments Including Carry Forward

N/A

Appendix 5b

2027-2035 Capital Plan Including Carry Forward

N/A

Appendix 6

Capacity to Deliver Review

N/A

Appendix 7

Summary of Capital Delivery Constraints

N/A

Appendix 8

Inflows and Outflows to/from Reserves and Reserve Funds

N/A

Appendix 9

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels in annual budget.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Deliver: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget and Plan: A Capital Budget and Plan is the City's 10-year strategy to acquire/build assets or extend the useful lives of existing assets. The Capital Budget is the first year of approved cash flows and future year's commitments and the remaining nine years include project estimates.

Capital Delivery Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New/Enhanced Service Priorities: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provide services.

Operating Impact of Completed Capital Projects: The Operating Budget Impact of Capital is the change in operating expenditure and/or revenue, which is projected to occur during the implementation of a capital project and/or when a capital project is completed. These changes should be documented on a Business Case Form in the appropriate category.

Rate-Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

Salary and Benefit Adjustments: General increases related to contractual obligations, such as cost of living, step increases, performance for pay and progression pay.

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes.

Tax-Supported Budget: Budget funded by property taxes.

User Fees: Includes all program-generated fees and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).