

# 2025 Budget Summary

## Auditor General's Office

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### 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. The Auditor General's Office continues to demonstrate the value of the work it performs through the net positive return on investment, quantifiable and non-quantifiable benefits to the City, as reported by the Auditor General in the Office's Annual Reports.

### What Service We Provide

**Who We Serve:** The Auditor General's audits, reviews, and investigations 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 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 recommendations from previous reports.

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 2024 Annual Report to the Audit Committee on February 12, 2025. The Auditor General's 2023 Annual Report demonstrating the value of the Auditor General's Office is available at: <https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-243038.pdf>

In 2025, the Auditor General will continue to carry out her mandate by

- 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 to 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.

More specifically, the [Auditor General's Office 2025 Work Plan](#), considered by City Council at its December 17-19, 2024 meeting, includes projects to address the following key areas:

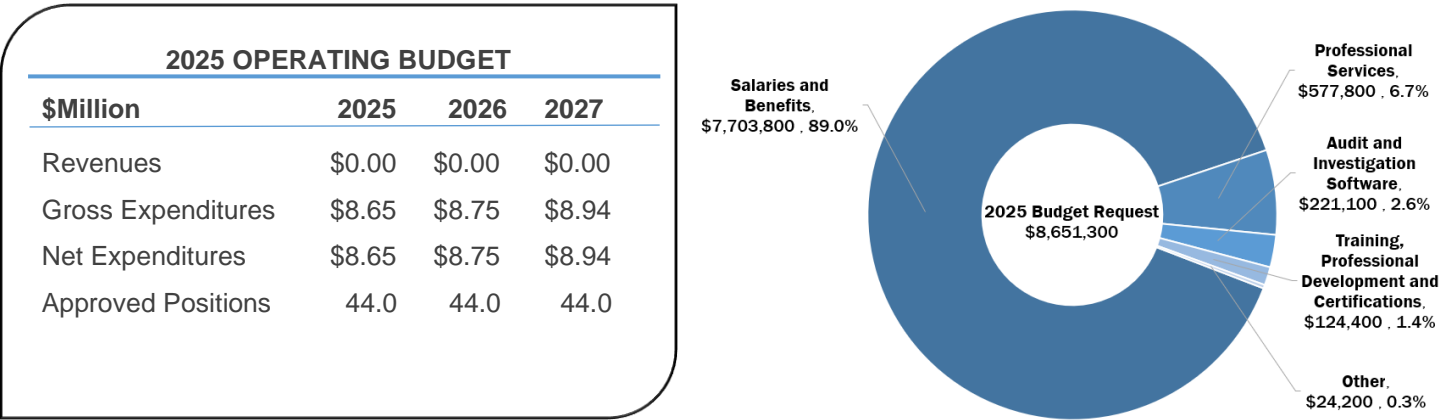
- **Housing & Community** – Parks Maintenance and Repairs, Winter Respite Sites and Warming Centres, Toronto Community Housing Corporation (TCHC) and Toronto Seniors Housing Corporation (TSHC) Capital Planning and Delivery, Supportive Housing
- **Cybersecurity & IT** – Toronto Police Service IT Governance & Infrastructure, Toronto Police Service Cybersecurity Follow-up, Cybersecurity Assessment of Toronto Public Library and one other Selected Agency or Corporation
- **Infrastructure, Transit & Environment** – Toronto Transit Commission (TTC) Non-Union Workforce Planning and Management, Utility Cuts, Stormwater Asset Management, Solid Waste Management – Collections and Litter Operations, Corporate Real Estate Management (CREM) – Major Capital Project
- **Procurement, Contracts & Potential Savings** – Low Dollar Value Purchases / P-Card Usage and Payments, FIFA World Cup 2026 - Maple Leaf Sports & Entertainment (MLSE) Contract, Purchase Order Amendments, Administrative Penalty System – Parking Ticket Fines

The Auditor General's Office 2025 Work Plan also includes multiple investigations related to allegations of fraud, waste, or other wrongdoing and ongoing follow-up of the status of implementation of past report recommendations. The Auditor General's Office 2025 Work Plan report also identifies additional projects on the horizon for 2026. The Auditor General's Office City-wide risk and opportunities assessment, which is conducted every five years to inform the development of future Work Plans, will also be completed in 2025.

How Much Resources (gross 2025 operating budget): \$8.651 million

The Auditor General's 2025 Operating Budget request reflects the resources needed to address the Office's 2025 Work Plan. City Council's support for enhancement requests to address requirements for specialist resources for specifically identified projects, as well as its 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.

Budget at a Glance



The 2025 Operating Budget request of \$8.651 million is a \$0.361 million (or 4.3 per cent) increase from the Approved Adjusted 2024 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 2024 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 \$0.095 million, mainly due to ongoing budget pressures for normal performance pay increases consistent with the City's Non-Union Pay For Performance Program and position conversions;
- partially offset by a net decrease of \$0.010 million in non-salary expenditures resulting from \$0.031 million in savings identified through a line-by-line review offset by an increase of \$0.021 million for inflationary adjustments;
- an enhancement request of \$0.125 million for professional services for experts, specialists and contracted audit professionals and the corresponding increase to the number of planned IT and cybersecurity audits as well as follow-up of prior cybersecurity findings and recommendations at the City and certain City agencies and corporations; and,
- a 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 at its meeting on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the PayIt Platform.<sup>1</sup>

Any cost-of-living salary adjustments to be applied in 2025 are not reflected as per the Financial Planning Division's 2025 operating budget guidelines. The Financial Planning Division budgets for these costs City-wide as part of Non-Program expenditures and a request to transfer the allocation to the Auditor General's Office budget will typically be made in-year.

<sup>1</sup> [Agenda Item History - 2024.AU6.2 \(toronto.ca\)](#)

## Value of the Auditor General's Office

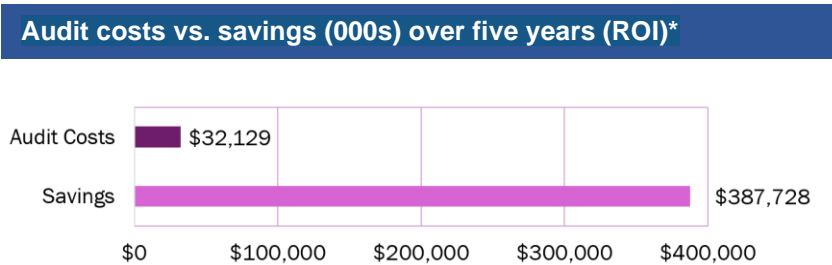
The City is obtaining considerable value from investing resources into the Auditor General's Office. It is our view that the financial and non-financial benefits of the Auditor General's audits and investigations continue to bring value to the City and its agencies and corporations. As highlighted in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

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. City Council reaffirmed the importance of doing so as part of a recommendation adopted during the 2019 budget process (EX2.5, Recommendation #113). 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 2024 Annual Report to the Audit Committee on February 12, 2025. The Auditor General's 2023 Annual Report demonstrating the value of the Auditor General's Office is available at: <https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-243038.pdf>

### Financial Benefits

In conducting our audits, we quantify the potential financial benefits of implementing audit 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 realized<sup>2</sup>. Savings identified through the Auditor General's audits and investigations far outweigh the costs to operate the Office.



\*Values are from the [2023 Annual Report](#). Updated values will be provided in the 2024 Annual Report, which will be presented to Audit Committee at its meeting on February 12, 2025.

- 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 \$32.1 million\* in the Office (2019-2023); and, in the last five years of annual reports (2019-2023), the Auditor General has reported that the City achieved total cumulative estimated savings of over \$387 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 \$12\* to the City for every \$1 invested in our Office

<sup>2</sup> The approach used to calculate savings and ROI is discussed on p.29-34 of the 2023 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 2024 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>Audit of <b>Software Acquisition and Licence Management</b> - Managing and Optimizing Value from Software Licences</i>	Improving the tracking and management of software licences, including identifying underdeployed or underutilized licences in a timely manner, will help the City maximize the value of the City's investment in software and licences. In addition, it will also provide more accurate and reliable IT asset management data, improving governance and reporting on technology projects, and strengthening strategic direction on implementing new software solutions.
<i>Cybersecurity Audit of <b>Toronto Community Housing and Toronto Seniors Housing Corporations</b></i> <ul style="list-style-type: none"> <li>• Phase One: <b>Overall Network Security and Cybersecurity Assessment of Select Critical Systems</b></li> <li>• Phase Two: <b>User Access Management and Event Logging</b></li> </ul>	Cybersecurity is a critical risk for all organizations. Within the past few years, there has been an increase of cyberattacks on the City's agencies, such as the Toronto Zoo, Toronto Public Library, and the Toronto Transit Commission. 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>Reinforcing the Importance of Openness, Fairness and Transparency in City Procurement: An Audit of the Procurement and Implementation of the <b>PayIt Unsolicited Proposal</b></i>	Strengthening the oversight, policy and process for receiving, reviewing, and responding to unsolicited proposals will reinforce expectations to provide the best possible value for the City and open, fair, and transparent procurement processes.
<i>Audit of <b>Parks Branch Operations</b> – Phase 1: Improving Oversight of Day-to-Day Maintenance Helps to Ensure City Parks are Beautiful, Clean and Safe</i>	Implementing monitoring and accountability processes, strengthening supervision, and measuring service level performance will improve parks crew productivity and their ability to consistently achieve service level standards across all City parks.
<i>Audit of <b>Short-Term Rental Program and Municipal Accommodation Tax</b>: Strengthening By-law Enforcement and Enhancing Municipal Accommodation Tax Collection Processes</i>	Enhancing short-term rental by-law enforcement will strengthen the City's ability to identify non-compliance, streamline processes, and improve accountability. Real-time validation and centralized case management will boost efficiency, while stronger controls over Municipal Accommodation Tax remittances will improve revenue accuracy.
<i><b>Toronto Paramedic Services: Rising Response Times</b> Caused by Staffing Challenges and Pressures in the Healthcare System</i>	Reviewing response time targets, monitoring response times by geographic area, determining optimal staffing and ambulance resources, and implementing strategies to free up resources for higher-acuity calls will help Toronto Paramedic Services improve staffed ambulance availability and response times.
<i>Toronto Building Division: Audit of <b>Intake and Plan Review of Applications for Building Permits</b></i>	Strengthening and improving Toronto Building's permit application intake and plan review policies and processes will help the Division to better enforce compliance with the Building Code Act and the Ontario Building Code and improve customer service.

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 2024 Annual Report to the Audit Committee on February 12, 2025. The Auditor General's 2023 Annual Report demonstrating the value of the Auditor General's Office is available at: <https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-243038.pdf>.

Service	Measure	2022 Actual	2023 Actual	2024 Target	2024 Projection	Status	2025 Target	2026 Target
Outcome Measures								
Deliver impactful performance audits, investigations, and other reports	Reports with findings and recommendations to achieve improved outcomes, financial and non-financial benefits for the City (e.g., savings, better cybersecurity, etc.) as described in our Annual Reports	9+ reports	8 reports	10 – 12 reports	10 reports	●	10 – 12 reports	10 – 12 reports
	Implemented recommendations that led to financial and non-financial benefits (from inception)	80% <sup>3</sup>	83% <sup>3</sup>	90%	83% <sup>3</sup>	●	90%	90%
Demonstrate value through quantifiable financial benefits	Positive return on investment (ratio of five-year audit costs to five-year estimated realized savings)	\$12.50	\$12	\$10	\$11	●	\$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 and Waste Hotline annual reports	1,032 complaints 1,200 allegations	1,054 complaints 1,450 allegations	N/A	710 complaints <sup>4</sup> 980 allegations	●	N/A	N/A

<sup>3</sup> While management continues to make progress, the Auditor General has not yet verified all recommendations reported as implemented. Management has reported another 6% of recommendations have been fully implemented or are no longer relevant as at September 2024, which could bring the implementation rate up to 89% (91% in 2023, 90% in 2022) once management's assertions have been verified. The Auditor General continues to focus on verifying the status of high-priority recommendations as resources permit.

<sup>4</sup> Complaint activity may increase or decrease because of the dynamic nature of the Fraud & Waste Hotline program, and as a result of various factors including outreach activities and the nature of issues reported by the media. In 2024, we updated our website to more clearly explain the types of complaints that are in the scope of the Fraud and Waste Hotline. Therefore, the decrease in complaints from the prior year is mainly attributed to receiving fewer complaints that are outside the Hotline's scope (i.e. not related to the City of Toronto), as well as a decrease in subsidy and service-related complaints. Further details will be included in the Auditor General's 2024 Annual Report on the Fraud and Waste Hotline, expected to be tabled at the February 12, 2025 Audit Committee meeting.

Service	Measure	2022 Actual	2023 Actual	2024 Target	2024 Projection	Status	2025 Target	2026 Target
Maintain compliance with Government Auditing Standards	Successfully pass the external quality assurance review every three years <sup>5</sup>	Pass	N/A	Pass	Pass	●	N/A	N/A

2024 Projection to 2024 Target Comparison

● 80 - 100% (MET TARGET)    ● 70 - 79% (LOW RISK)    ● 69% and Under (REQUIRES ATTENTION)

<sup>5</sup> In July 2021 ([2021.AU9.18](#)), due to challenges and delays caused by the COVID-19 global pandemic, City Council approved a one-time exemption from Toronto Municipal Code Chapter 3 requirements that the Auditor General undergo an external peer review once every three years, so that the external peer review of the Auditor General's Office originally due in 2021 would be completed by the end of 2022. An external peer review, covering the period from January 1, 2018 to December 31, 2020, was completed in 2022. In 2024, another 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 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 and investigations that covered 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's Office has continuously delivered impactful audits, reviews, and investigations with recommendations to the City and its agencies and corporations, including our reports in 2024 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., TCHC, TSHC, Toronto Hydro)
- supporting timely ambulance emergency response for people with medical issues requiring urgent attention at the hospital by improving staffed ambulance availability and response times
- supporting beautiful, clean, and safe parks and achieving service level standards reliably and consistently across all city parks, by improving scheduling, tracking, and monitoring processes for parks maintenance, improving crew productivity, and enhancing supervision of parks maintenance activities
- reinforcing the importance of management's leadership and commitment to ensuring openness, fairness, and transparency in City procurement, through compliance with the unsolicited proposals policy and process
- supporting public safety in constructed buildings through efficient and effective intake and plan review of building permit applications
- supporting the City's ability to safeguard long-term rental housing by improving the overall effectiveness and efficiency of the Short-Term Rental Program, ensuring compliance with by-laws, and the accuracy, completeness, and timeliness of Municipal Accommodation Tax (MAT) remittances
- improving the tracking and management of software licences to help the City maximize the value of the City's investment in software
- strengthening the process for reporting, managing and documenting conflicts of interest (for the Municipal Licensing and Standards Division) to supplement the overarching Conflict of Interest and Confidentiality provisions of the Toronto Public Service By-law

As reported in past Annual Reports, the Auditor General's Office continues to demonstrate the value of our work, through a net positive return on investments, and the quantifiable and non-quantifiable benefits of findings and recommendations to the City.

### Key Challenges and Risks

The Auditor General's 2025 Operating Budget request reflects the resources needed to address her 2025 Work Plan. City Council's support for enhancement requests to address requirements for specialist resources for specifically identified projects, as well as its 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 2025 Operating Budget request and 2025 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 in 2025, as well as ongoing budget pressures arising from City-wide changes to the non-union salary bands,



means that **any reduction to the Auditor General's 2025 base operating budget request would require a gapping of new vacancies that may arise during 2025 and/or a reduction of staff**. For example, in order to keep the 2025 base budget of \$8.376 million equal to the 2024 Approved Adjusted Operating Budget for the Auditor General's Office of \$8.291 million, an amount of \$0.085 million would have to be deducted from the 2025 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 Auditor General's Office staff, potentially delaying or deferring a project included in the 2025 Work Plan.

3. The Auditor General's 2025 Operating Budget includes an enhancement request of \$0.125 million for one additional cybersecurity project compared to 2024. In particular, in 2025, the Auditor General plans to complete a total of three cybersecurity assessments - two new cybersecurity assessments of selected City agencies and corporations, and one full-scale follow-up cybersecurity assessment at the Toronto Police Service. **Should this enhancement request not be approved, one cybersecurity assessment included in the 2025 Work Plan would need to be delayed or deferred.** In addition, the Auditor General's 2025 Operating Budget includes a 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 at its meeting on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the Paylt Platform<sup>6</sup>. **Should this enhancement request not be approved, the cost of further investigative work would need to be within the Auditor General's base budget for contracted specialists. As a result, at least one cybersecurity assessment included in the 2025 work plan would need to be deferred and not proceed in 2025 and less funding would be available for needs that arise during the year for contracted specialists on other high priority investigations and for contracted experts on performance audits.**

## 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 2025 Work Plan where needed. Looking forward to 2025, 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 to 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.** Looking forward to 2025, 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.

<sup>6</sup> [Agenda Item History - 2024.AU6.2 \(toronto.ca\)](#)

2025 BUDGET

1. The 2025 Operating Budget for the Auditor General’s Office of \$8.651 million gross and net for the following:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Total Auditor General’s Office Budget	\$8,651.3	\$0.0	\$8,651.3

- The 2025 staff complement for the Auditor General’s Office of 44.0 positions, comprised of 44.0 operating positions.

# **2025 OPERATING BUDGET**

## 2025 OPERATING BUDGET OVERVIEW

**Table 1: 2025 Operating Budget by Service**

(In \$000s)	2023 Actual	2024 Budget	2024 Projection*	2025 Base Budget	2025 New / Enhanced	2025 Budget	Change v. 2024 Budget	
By Service	\$	\$	\$	\$	\$	\$	\$	%
<b>Revenues</b>								
Auditor General's Office								N/A
<b>Total Revenues</b>								N/A
<b>Expenditures</b>								
Auditor General's Office	6,704.7	8,290.7	7,780.7	8,376.3	275.0	8,651.3	360.6	4.3%
<b>Total Gross Expenditures</b>	<b>6,704.7</b>	<b>8,290.7</b>	<b>7,780.7</b>	<b>8,376.3</b>	<b>275.0</b>	<b>8,651.3</b>	<b>360.6</b>	<b>4.3%</b>
<b>Net Expenditures</b>	<b>6,704.7</b>	<b>8,290.7</b>	<b>7,780.7</b>	<b>8,376.3</b>	<b>275.0</b>	<b>8,651.3</b>	<b>360.6</b>	<b>4.3%</b>
<b>Approved Positions**</b>	<b>44.0</b>	<b>44.0</b>	<b>44.0</b>	<b>44.0</b>		<b>44.0</b>		

\* 2024 Projection based on 9 Month Variance

\*\*YoY comparison based on approved positions

### KEY DRIVERS

**Total 2025 Budget** expenditures of \$8.651 million gross reflects an increase of \$0.361 million in spending above 2024 budget, predominantly arising from:

- an increase in salaries and benefits of \$0.095 million to reflect the staff resources required to deliver the office's mandate, including salary adjustments for normal performance pay increases consistent with the City's Non-Union Pay For Performance Program and position conversions;
- partially offset by a net decrease of \$0.010 million in non-salary expenditures resulting from \$0.031 million in savings identified through a line-by-line review offset by an increase of \$0.021 million for inflationary adjustments;
- an enhancement request of \$0.125 million for professional services for experts, specialists and contracted audit professionals and the corresponding increase to the number of planned IT and cybersecurity audits as well as follow-up of prior cybersecurity findings and recommendations at the City and certain City agencies and corporations; and,
- a 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 at its meeting on November 13, 2024, for the Auditor General to conduct a further forensic investigation of the procurement of the PayIt Platform.<sup>7</sup>

### EQUITY IMPACTS OF BUDGET CHANGES

The changes in the Auditor General's Office 2025 Operating Budget do not have any significant equity impacts.

The Auditor General's Office considers equity impacts when conducting audits. Audits included in the Auditor General's Office 2025 Work Plan, where findings and recommendations may have direct or indirect equity impacts, include the audits of Winter Respite Sites and Warming Centres, TCHC/TSHC Capital Planning and Delivery, and Supportive Housing.

<sup>7</sup> [Agenda Item History - 2024.AU6.2 \(toronto.ca\)](#)

## 2025 OPERATING BUDGET KEY COST DRIVERS

The 2025 Net Operating Budget for the Office of the Auditor General of \$8.651 million is \$0.361 million or 4.3% greater than the 2024 Net Budget. Table 2 below summarizes the key cost drivers for the 2025 Budget.

**Table 2: 2025 Key Cost Drivers**

(In \$000s)	2025				2026 Annualized impact (Net)
	Revenues	Gross	Net	Positions**	
<b>2024 Projection*</b>		7,780.7	7,780.7	44.0	N/A
<b>2024 Budget</b>		8,290.7	8,290.7	44.0	N/A
<b>Key Cost Drivers:</b>					
<b>Salary &amp; Benefits</b>					
Base salary, performance pay, benefits and working day adjustments		95.1	95.1		200.1
<b>Non-Salary Inflation</b>					
Inflationary adjustment		21.0	21.0		18.6
<b>Other Changes</b>					
Incremental technology costs					25.4
<b>Sub-Total - Key Cost Drivers</b>		116.1	116.1		244.1
<b>Sub-Total - Affordability Measures</b>		(30.5)	(30.5)		
<b>Sub-Total - Base Budget</b>		8,376.3	8,376.3	44.0	244.1
<b>Sub-Total - 2025 New / Enhanced</b>		275.0	275.0		(150.0)
<b>2025 Budget</b>		8,651.3	8,651.3	0.0	
<b>Change from 2024 Budget (\$)</b>		360.6	360.6		N/A
<b>Change from 2024 Budget (%)</b>	N/A	4.3%	4.3%		N/A

\*Based on 9 Month Variance

\*\*YoY comparison based on approved positions

### Key Base Drivers:

#### Salaries & Benefits:

An increase in salaries and benefits of \$0.095 million to reflect the adjustments for pay for performance and benefit changes, partially offset by reduction for one less working day in 2025.

Any cost-of-living salary adjustments to be applied in 2025 are not reflected as per the Financial Planning Division's 2025 operating budget guidelines. The Financial Planning Division budgets for these costs City-wide as part of Non-Program expenditures and a request to transfer the allocation to the Auditor General's Office budget will typically be made in-year.

#### Non-Salary Inflation:

Inflationary adjustment of \$0.021 million for non-payroll expenditure items.

### Affordability Measures:

**Table 3: Offsets and Efficiencies**

(In \$000s)									
Recommendation	Savings Type	Equity Impact	2025				2026 (Incremental)		
			Revenue	Gross	Net	Positions	Gross	Net	Positions
Reduce non-salary expense budget as a result of line-by-line review	Line By Line	None		(30.5)	(30.5)				
<b>Total Affordability Measures</b>				(30.5)	(30.5)				

**New and Enhanced Service Priorities:****Table 4: New / Enhanced Service Requests**

New / Enhanced Request		2025				2026 Annualized Gross	Equity Impact	Supports Key Outcome / Priority Actions
		Revenue	Gross	Net	Positions			
In \$ Thousands								
1	Enhancement to 2025 Professional Audit Services Budget		125.0	125.0		125.0	No Impact	To provide funding to engage the professional services of experts, specialists and contracted audit professionals and the corresponding increase to the number of planned IT and cybersecurity audits as well as follow-up of prior cybersecurity findings and recommendations at the City and certain City agencies and corporations.
2	One-Time 2025 Budget Enhancement to respond to Council Direction - 2024.AU6.2		150.0	150.0			No Impact	To provide funding to engage the professional services of experts, specialists and/or contracted forensic investigators to address the request made by City Council at its meeting on November 13, 2024 (2024.AU6.2), for the Auditor General to conduct a further forensic investigation of the procurement of the Paylt Platform.
Total New / Enhanced			275.0	275.0		125.0		

**Note:**

- For additional information, [Appendix 3](#) for the 2025 New and Enhanced Service Priorities.



## 2026 &amp; 2027 OUTLOOKS

Table 5: 2026 and 2027 Outlooks

(In \$000s)	2025 Budget	2026 Incremental Outlook	2027 Incremental Outlook
<b>Revenues</b>			
<b>Total Revenues</b>			
<b>Gross Expenditures</b>			
Reversal of one-time budget enhancement for professional services re: 2024.AU6.2		(150.0)	
Base salary, performance pay and benefits adjustments		200.1	196.9
Non-salary inflationary adjustments		18.6	19.0
Incremental technology costs		25.4	(22.5)
<b>Total Gross Expenditures</b>	<b>8,651.3</b>	<b>94.1</b>	<b>193.4</b>
<b>Net Expenditures</b>	<b>8,651.3</b>	<b>94.1</b>	<b>193.4</b>
<b>Approved Positions</b>	<b>44.0</b>		

\*\*YoY comparison based on approved positions

## Key Outlook Drivers

The 2026 Outlook with total gross expenditures of \$8.745 million reflects an anticipated \$0.094 million or 1.09% increase in gross expenditures above the 2025 Operating Budget. The 2027 Outlook expects a further increase of \$0.193 million or 2.21% above 2026 gross expenditures.

These changes arise from the following:

- Reversal of the one-time budget enhancement requested in 2025 to provide funding to engage the professional services of experts, specialists and/or contracted forensic investigators to address the request made by City Council at its meeting on November 13, 2024 (2024.AU6.2), for the Auditor General to conduct a further forensic investigation of the procurement of the PayIt Platform.
- Salaries and benefits adjustments related to pay for performance and benefit rate changes.
- Economic factor adjustments for non-salary expenditure items.
- Increase in technology costs mainly due to estimated cost of one-time upgrade and data migration for Fraud & Waste Hotline case management software in 2026.

**APPENDICES**

## Appendix 1

### 2025 Operating Budget by Category

Category (In \$000s)	2022 Actual	2023 Actual	2024 Budget	2024 Projection*	2025 Budget	2025 Change from 2024 Budget	
	\$	\$	\$	\$	\$	\$	%
Sundry and Other Revenues	0.6						
<b>Total Revenues</b>	<b>0.6</b>						
Salaries and Benefits	5,983.7	6,243.4	7,608.6	7,098.6	7,703.8	95.2	1.3%
Materials & Supplies	3.4	2.2	6.2	6.2	6.2		
Equipment	28.5	29.4	34.8	34.8	32.3	(2.5)	(7.1%)
Service and Rent	498.0	429.7	641.1	641.1	909.0	267.9	41.8%
<b>Total Gross Expenditures</b>	<b>6,513.6</b>	<b>6,704.7</b>	<b>8,290.7</b>	<b>7,780.7</b>	<b>8,651.3</b>	<b>360.6</b>	<b>4.3%</b>
<b>Net Expenditures</b>	<b>6,513.0</b>	<b>6,704.7</b>	<b>8,290.7</b>	<b>7,780.7</b>	<b>8,651.3</b>	<b>360.6</b>	<b>4.3%</b>

\*Projection based on 9 Month Variance

## Appendix 2

### Summary of 2025 Service Changes

N/A

## Appendix 3

## Summary of 2025 New / Enhanced Service Priorities Included in Budget

Form ID		Accountability Offices	Adjustments				2026 Plan Net Change	2027 Plan Net Change	
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions			
33717		Program - Auditor General's Office	Enhancement to 2025 Professional Audit Services Budget						
74	No Impact	<b>Description:</b> To provide funding to engage the professional services of experts, specialists and contracted audit professionals and the corresponding increase to the number of planned IT and cybersecurity audits as well as follow-up of prior cybersecurity findings and recommendations at the City and certain City agencies and corporations <b>Service Level Impact:</b> One additional cybersecurity project included in the Auditor General's Office 2025 Work Plan, compared to 2024. <b>Equity Statement:</b> No significant equity impacts. <b>Service:</b> Auditor General's Office							
			Staff Prepared Budget Changes:	125.0	0.0	125.0	0.00	0.0	0.0
			BC Requested Changes:	0.0	0.0	0.0	0.00	0.0	0.0
			Mayor Proposed Changes:	0.0	0.0	0.0	0.00	0.0	0.0
			Amendments:	0.0	0.0	0.0	0.00	0.0	0.0
			Total Budget:	125.0	0.0	125.0	0.00	0.0	0.0
			<b>Staff Prepared Budget:</b>	<b>125.0</b>	<b>0.0</b>	<b>125.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
			<b>Budget Committee Requested :</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
			<b>Mayor Proposed:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
			<b>Amendments:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>New/Enhanced Service Priorities:</b>			<b>125.0</b>	<b>0.0</b>	<b>125.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>	
34061		Enhancement to respond to Council Direction - 2024.AU6.2							
74	No Impact	<b>Description:</b> To provide funding to engage the professional services of experts, specialists and/or contracted forensic investigators to address the request made by City Council at its meeting on November 13, 2024 (2024.AU6.2), for the Auditor General to conduct a further forensic investigation of the procurement of the PayIt Platform <b>Service Level Impact:</b> Additional investigative work on the PayIt Platform included in the Auditor General's Office 2025 Work Plan. <b>Equity Statement:</b> No significant equity impacts. <b>Service:</b> Auditor General's Office							
			Staff Prepared Budget Changes:	150.0	0.0	150.0	0.00	(150.0)	0.0
			BC Requested Changes:	0.0	0.0	0.0	0.00	0.0	0.0
			Mayor Proposed Changes:	0.0	0.0	0.0	0.00	0.0	0.0
			Amendments:	0.0	0.0	0.0	0.00	0.0	0.0
			Total Budget:	150.0	0.0	150.0	0.00	(150.0)	0.0
			<b>Staff Prepared Budget:</b>	<b>150.0</b>	<b>0.0</b>	<b>150.0</b>	<b>0.00</b>	<b>(150.0)</b>	<b>0.0</b>
			<b>Budget Committee Requested :</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
			<b>Mayor Proposed:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
			<b>Amendments:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>New/Enhanced Service Priorities:</b>			<b>150.0</b>	<b>0.0</b>	<b>150.0</b>	<b>0.00</b>	<b>(150.0)</b>	<b>0.0</b>	
<b>Summary:</b>									
<b>Staff Prepared Budget:</b>			<b>275.0</b>	<b>0.0</b>	<b>275.0</b>	<b>0.00</b>	<b>(150.0)</b>	<b>0.0</b>	
<b>Budget Committee Requested:</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>	
<b>Mayor Proposed:</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>	
<b>Amendments:</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>	
<b>New/Enhanced Service Priorities:</b>			<b>275.0</b>	<b>0.0</b>	<b>275.0</b>	<b>0.00</b>	<b>(150.0)</b>	<b>0.0</b>	

## **Appendix 4**

**Operating Program Provincial/Federal Funding Streams by Program**

N/A

## **Appendix 5**

**2025 Capital Budget;  
2026 - 2034 Capital Plan Including Carry Forward Funding**

N/A

## **Appendix 5a**

**2025 Cash Flow and Future Year Commitments Including Carry Forward Funding**

N/A

## **Appendix 5b**

**2026 - 2034 Capital Plan**

N/A

## **Appendix 6**

**Reporting on Major Capital Projects: Status Update**

N/A

## **Appendix 7**

**Capacity to Deliver Review**

N/A

## **Appendix 8**

**Summary of Capital Delivery Constraints**

N/A

## **Appendix 9**

**Capital Program Provincial/Federal Funding Streams by Project**

N/A

## **Appendix 10**

**Inflows and Outflows to/from Reserves and Reserve Funds**

N/A



## Appendix 11

### 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 Spend:** 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 Adjustment:** 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).