

CITY OF TORONTO

2007
Budget Summary

Council Appointed



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AUDITOR GENERAL'S OFFICE

MISSION STATEMENT

To be recognized as a leading audit organization, respected by our clients and peers for excellence, innovation and integrity, in supporting the City of Toronto to become a world class organization

2006 KEY ACCOMPLISHMENTS

- completed key priority audit projects over significant operational areas of the City having 179 recommendations to improve controls and benefit the City through savings and reduced costs
- implemented and completed the first formal follow-up process to ensure the Auditor General's audit report recommendations to City divisions, issued since amalgamation, have been appropriately implemented
- continued the operation of the City's Fraud and Waste Hotline Program
- successfully completed the first external Peer Review of the Auditor General's Office in accordance with Government Auditing Standards, the first of its kind by an audit office in Canada

2007 PROGRAM OBJECTIVES

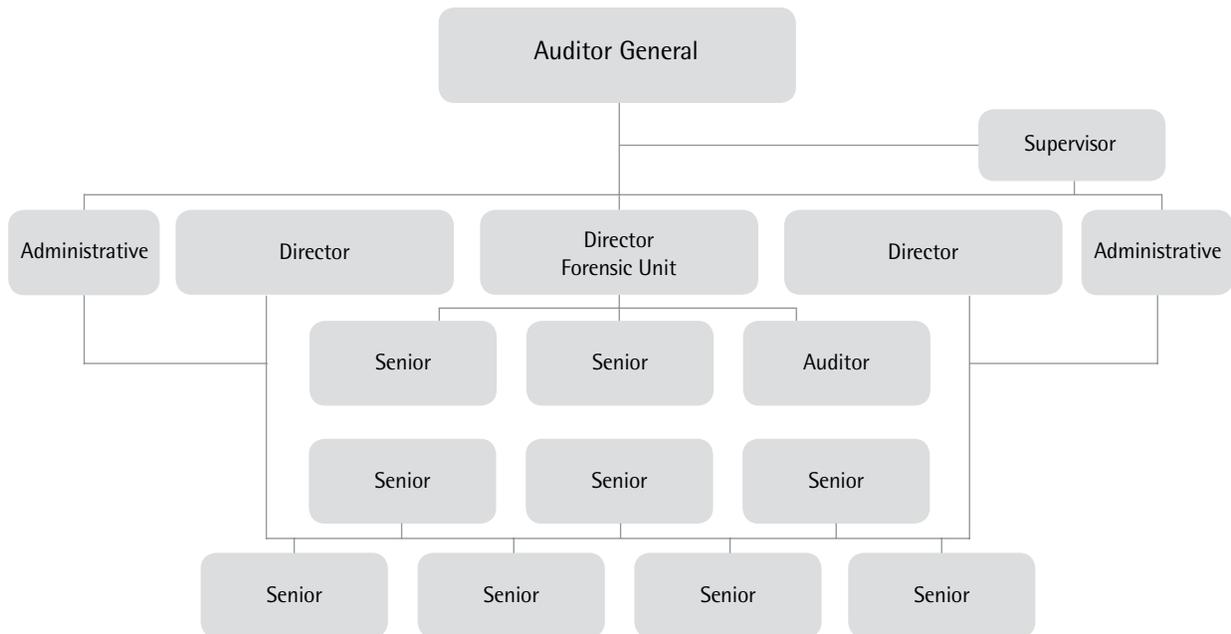
The Auditor General, in addition to the development of a risk-based Audit Work Plan, has developed the following objectives for 2007:

- ensure that adequate organizational supports and quality assurance measures are in place for ongoing successful peer reviews of the Auditor General's Office
- complete and report on the formalized follow-up process related to recommendations made in prior audit reports with respect to agencies, boards and commissions. (This systematic formal follow-up process will be completed annually as part of the Annual Audit Work Plan to ensure timely follow-up to audit recommendations.)
- ensure that communication and co-ordination of audit resources with the external auditors to ensure efficient and effective use of these resources. (In 2007, the Auditor General's Office will issue a Request For Proposal to initiate a new service agreement for external audit services for a five-year period to commence in 2008.)
- communicate with other entities including restricted local boards, Toronto Police Services, Toronto Public Library, Toronto Board of Health and other entities such as the Toronto Transit Commission to monitor issues and audit work that impacts the City
- increase the use of information technology by staff in carrying out audits. (Such technology to include the use of the data extraction program called ACL; continue to communicate with other North American audit organizations that operate ACL in order to maximize the value of the program to the audit process.)
- implement a proactive process to identify key "red flags" for the detection of potential fraud or abuse, which will lead to the implementation of reports to be run on a regular basis to provide early identification of potential fraud or abuse
- ensure that all Auditor General's Office staff have the necessary technical and management skills as well as a knowledge of City operations, to effectively carry out their duties and responsibilities

AUDITOR GENERAL'S OFFICE

PROGRAM MAP

The Auditor General's Office has a total staffing complement of 29 approved positions.



2007 STRATEGIC DIRECTION AND SERVICE PRIORITIES

- directing the use of audit resources through the 2007 Audit Work Plan based on a priority setting risk assessment exercise to focus on value for money reviews in those areas which potentially pose the greatest risk or provide the greatest value/return to the City
- complete the formal follow-up process for City Local board audit recommendations and the annual follow-up for City divisional audit recommendations from 2006 and prior audit reports
- complete a long-term Strategic Staffing plan for the Auditor General's Office to quantify the long-term staffing needs of the Office
- secure the external audit services required by the City through the issuance of a request for proposal
- co-ordinate the complaint activity of the Fraud and Waste Hotline with the new role of the Ombudsman created under the City of Toronto Act to eliminate potential overlap of responsibilities

AUDITOR GENERAL'S OFFICE

2007 OPERATING BUDGET BY CATEGORY

Description of Category	(in \$000s)				
	2006 Budget \$	2006 Actuals \$	2007 Approved Budget	Change from 2006 Approved Budget	
				\$	%
Salaries & Benefits	3,417.7	3,382.9	3,519.1	101.4	3
Materials & Supplies	23.0	17.0	20.2	(2.8)	-12
Equipment	6.6	14.3	10.4	3.8	58
Services & Rents	404.3	401.7	409.4	5.1	1
Contributions & Transfers	5.3	5.3	5.3	0.0	0
Others (Includes IDCs)	24.3	24.4	24.0	(0.3)	-1
Total Gross Expenditures	3,881.2	3,845.6	3,988.4	107.2	3
Funded by					
Prov. & Fed. Grants and Subsidies	0.0	0.0	0.0	0.0	N/A
User Fees	0.0	0.0	0.0	0.0	N/A
Reserves/Reserve Funds	0.0	0.0	0.0	0.0	N/A
Other (Includes IDRs)	0.0	0.0	0.0	0.0	N/A
Total Non-tax Revenues	0.0	0.0	0.0	0.0	N/A
Net Budget	3,881.2	3,845.6	3,988.4	107.2	3
Approved Positions	29.0	29.0	29.0	0.0	0

2007 OPERATING BUDGET BY SERVICE

Services	Approved Budget (\$000s)						Change over 2006			
	2005		2006		2007		Gross		Net	
	Gross	Net	Gross	Net	Gross	Net	\$	%	\$	%
Auditor General	3,566	3,566	3,881	3,881	3,988	3,988	107	2.8	107	2.8
Total Program Budget	3,566	3,566	3,881	3,881	3,988	3,988	107	2.8	107	2.8

KEY PERFORMANCE MEASURES

The Benchmarking of Audit Costs – Comparisons with Other Municipalities

The Auditor General's Office has benchmarked its costs with those of major municipalities across Canada, as well as those of a number of municipalities in the United States. The following comparison of costs with other major municipalities for comparable levels of audit services indicates that, as a percentage of total municipal budgets, the audit costs at the City of Toronto are at the lower end of the scale. As it is not possible to obtain most of the budget numbers for 2007, the majority of costs in this table relate to the 2006 fiscal year.

AUDITOR GENERAL'S OFFICE

	Municipal Operating Budget (\$000s) \$	Audit Costs (in \$000s) \$	Audit Costs as a % of Municipal Operating Budget %
City of Toronto ¹ (2007 Estimate)	8,200,000	5,577	0.07
City of Ottawa	2,114,000	1,699	0.08
Calgary	2,300,000	1,618	0.07
Edmonton	1,310,000	1,781	0.14
Winnipeg	1,092,000	1,066	0.10
Los Angeles County	17,127,000	15,000	0.09
Philadelphia	6,461,000	7,101	0.11
Detroit	2,821,000	2,358	0.08
Phoenix	2,447,000	3,677	0.15
San Jose	1,503,000	1,989	0.13

¹ Excluding TTC

In terms of measuring the effectiveness of an audit process, one of the benchmarks frequently used by the audit profession relates to the ratio of audit costs incurred to the estimated savings generated. A comparison of the audit costs from 2002 to 2006 to the estimated potential savings indicates that there is an estimated benefit to the City of \$5.02 for every dollar invested in the Auditor General's Office.

Since January 1, 1999, the Auditor General has issued 116 audit reports relating to City divisions containing 669 recommendations. These audit reports relate to the operations of the City only and do not include reports and recommendations relating to the City's Agencies, Boards and Commissions. The results of our review indicate that management has fully implemented 403, or 71 per cent of the remaining 569 recommendations.

In terms of determining whether or not the implementation rate of 71 per cent represented a satisfactory amount, we benchmarked this level with other cities across North America. The Association of Local Government Auditors (ALGA) recently conducted a benchmarking survey of North American cities, which indicates that the average implementation rate of audit recommendations is in the range of 76 per cent.

However, the more recent review of the City's agencies, boards and commissions revealed that management has fully implemented 132 of the 145 relevant recommendations over the same timeframe. This represents an implementation rate of 91 per cent.

AUDITOR GENERAL'S OFFICE

2007 OPERATING BUDGET HIGHLIGHTS

- The Information and Technology infrastructure will be reviewed to assure that the proper controls, an emergency plan and security measures are in place.
- allocating the appropriate audit resources, based on the 2007 Audit Work Plan, in the areas which are the highest risk or provide the greatest return to the City
- completing a formal follow-up process for City Local board audit recommendations and for City program audit recommendations from prior audit reports
- Resources are being reviewed to address staffing to maintain the current and future demands relating to the significant increase in activity to the Fraud Waste Hotline.
- establishing a long-term Strategic Staffing plan to identify the long-term staffing requirements for the Auditor General's Office.

2008 / 2009 OPERATING BUDGET OUTLOOK

- ensuring that all previously approved audit recommendations have been implemented
- raising auditing standards to meet the continual changes in Government Auditing Standards
- implementing a Strategic Plan that will provide various options for the level of auditing appropriate for the City and providing sufficient resources to adequately audit the City and its agencies, boards and commissions.
- addressing long-term staffing levels for the Fraud and Waste Hotline

LOBBYIST REGISTRAR

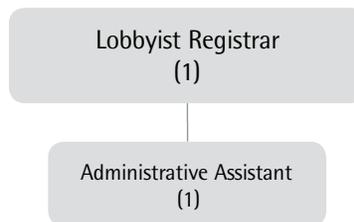
At its meeting of February 5, 6, 7 and 8, 2007, City Council approved a lobbying control framework. The lobbying control framework encompasses the lobbyists' code of conduct, offence provisions, the lobbyist registry and the responsibilities of the Lobbyist Registrar. The lobbying control framework brings the City into compliance with the mandatory requirements of the City of Toronto Act, 2006.

2006 KEY ACCOMPLISHMENTS

- Council adopted the Lobbying Bylaw No. 150-2007, to adopt a new City of Toronto Municipal Code Chapter 140, Lobbying.
- established a preliminary 2007 budget

PROGRAM MAP

The preliminary Lobbyist Registrar's Office is comprised of one service, with a total staffing complement of 2 approved positions.



2007 PROGRAM OBJECTIVES

- The implementation and development of a Lobbyist Registry.
- The development of a web-based registration system.

2007 STRATEGIC DIRECTION AND SERVICE PRIORITIES

- report to Council with operating budget requirements for the new Lobbyist Registry function and forecast the budgetary requirements for a full year of operation in 2008
- The full implementation of a Lobbyist Registry function.

LOBBYIST REGISTRAR

2007 OPERATING BUDGET BY CATEGORY

(in \$000s)

Description of Category	2006 Budget \$	2006 Actuals \$	2007 Approved Budget	Change from 2006 Approved Budget	
				\$	%
Salaries & Benefits	0.0	0.0	241.0	241.0	N/A
Materials & Supplies	0.0	0.0	0.0	0.0	N/A
Equipment	0.0	0.0	0.0	0.0	N/A
Services & Rents	0.0	0.0	0.0	0.0	N/A
Contributions & Transfers	0.0	0.0	0.0	0.0	N/A
Others (Includes IDCs)	0.0	0.0	0.0	0.0	N/A
Total Gross Expenditures	0.0	0.0	241.0	241.0	N/A
Funded by					
Prov. & Fed. Grants and Subsidies	0.0	0.0	0.0	0.0	N/A
User Fees	0.0	0.0	0.0	0.0	N/A
Reserves/Reserve Funds	0.0	0.0	0.0	0.0	N/A
Other (Includes IDRs)	0.0	0.0	0.0	0.0	N/A
Total Non-tax Revenues	0.0	0.0	0.0	0.0	N/A
Net Budget	0.0	0.0	241.0	241.0	N/A
Approved Positions	0.0	0.0	2.0	2.0	N/A

2007 OPERATING BUDGET BY SERVICE

Services	Approved Budget (\$000s)						Change over 2006			
	2005		2006		2007		Gross		Net	
	Gross	Net	Gross	Net	Gross	Net	\$	%	\$	%
Lobbyist Registrar	-	-	-	-	241,000	241,000	241,000	N/A	241,000	N/A
Total Program Budget	-	-	-	-	241,000	241,000	241,000	N/A	241,000	N/A

2007 OPERATING BUDGET HIGHLIGHTS

- complete and publicly launch the web based registration system
- implement a supporting communication plan
- provide a service response to the initial anticipated large amount of registrants

2008/2009 OPERATING BUDGET OUTLOOK

- stabilize the new lobbyist registry function
- reviewing and implementing enhancements to the web-based registration system.

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