



STAFF REPORT ACTION REQUIRED

Update on Compliance Audit Costs Arising from the 2010 Municipal Election

Date:	July 17, 2013
To:	Compliance Audit Committee
From:	City Clerk
Wards:	N/A
Reference No:	

SUMMARY

The purpose of this report is to update the Compliance Audit Committee (Committee) on the costs incurred to date to conduct the seven compliance audits ordered by the Committee for the 2010 municipal election.

RECOMMENDATIONS

The City Clerk recommends the Compliance Audit Committee receive this report for information.

Financial Impact

As of July 15, 2013, the total cost for conducting the seven compliance audits ordered by the Committee is \$491,129.97. This figure does not include outstanding costs for the Peter LiPreti audit and costs associated with the prosecution of Giorgio Mammoliti. All costs related to the compliance audits of candidates' election campaign finances are funded from the Election Reserve.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its July 11, 2011 meeting, the Compliance Audit Committee adopted its Purchasing Policy (EA5.7). This policy instructs the City Clerk to research auditors, evaluate proposals and negotiate and execute contracts on behalf of the Compliance Audit Committee.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EA5.7>

At its November 29, 2011 meeting, the Compliance Audit Committee appointed the auditing firm, Froese Forensic Partners Ltd., to conduct the compliance audits of candidates' 2010 municipal election campaign finances for which the Committee has granted an application arising from the 2010 municipal election (Item EA8.1):

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EA8.1>

ISSUE BACKGROUND

Pursuant to section 81(7) of the *Act*, where the Committee decides under subsection 81(5) of the *Act* to grant an application for a compliance audit, it shall appoint an auditor, who is licensed under the *Public Accounting Act, 2004*, to conduct a compliance audit of candidates' election campaign finances.

At its meeting of November 29, 2011, the Committee appointed the auditing firm, Froese Forensic Partners Ltd. (FFP), to conduct the compliance audits of candidates' from the 2010 municipal election for which the Committee granted an application.

In accordance with the Committee's Purchasing Policy, the City Clerk negotiated and executed a multi-year blanket contract agreement between the City and FFP in the amount of \$300,000. This amount was based on estimated costs to conduct the compliance audit of the campaign finances of six (6) candidates, for which the Committee had granted applications at that time. It excluded costs associated with any resulting prosecutions.

The Committee was advised that the amount of the contract may be adjusted for various reasons, including that some audits may be more complex than anticipated. On January 27, 2012, the Committee ordered a subsequent audit bringing the total number of audits to seven (7).

The *Municipal Elections Act* requires the City to pay the "auditor's costs of performing the audit" (section 81(13)) and "all costs in relation to the committee's operations and activities" (section 81.1(5)). The costs are, therefore, obligatory rather than discretionary.

COMMENTS

The Committee has considered 21 applications against 15 candidates and ordered 7 compliance audits.

As of July 15, 2013, the total cost for performing the audits is \$491,129.97. This amount does not include outstanding costs for the compliance audit of Peter Li Preti's campaign finances and for FFP's assistance to the prosecutor with disclosure, trial preparation and time at trial related to the proceedings against Giorgio Mammoliti.

The following chart identifies the audit costs per candidate:

Description	Cost (excluding HST)
Gus Cusimano	\$67,174.35
Justin DiCiano	\$58,823.17
Rob Ford	\$181,469.44
Abdi Hashised	\$36,015.50
Peter Li Preti	\$19,676.89 ¹
Giorgio Mammoliti	\$134,308.97 ²
Peter Youngren	\$26,357.00
Disbursements and Administration	\$11,828.72
Discounts	(\$44,524.07)
Total	\$491,129.97

1. Reflects costs invoiced by FFP to July 15, 2013

2. Does not include costs related to legal proceedings

Although there are no more audits remaining related to the 2010 general election, the Committee's term remains until November 30, 2014.

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SIGNATURE

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