

CITY OF TORONTO

OFFICE OF THE AUDITOR GENERAL

**Special Purpose Audit to Determine Compliance
With Section 169-30.5 of the
City of Toronto's Municipal Code**



March 26, 2008

Private and Confidential

Audit Committee
City of Toronto
c/o Rosemary Mackenzie
Committee Administrator
City Hall, 12th Floor, West Tower
Toronto, Ontario M5H 2N2

Re: Auditor General's Office of the City of Toronto
Report on the Results of Applying Specified Auditing Procedures to Financial Information Other
Than Financial Statements for the Year Ended December 31, 2007

To the Audit Committee of the City of Toronto:

This letter has been prepared at the request of the Audit Committee of the City of Toronto to obtain assurance that expenditures as incurred by the Auditor General's Office of the City of Toronto (AGO) are in compliance with the applicable policies as set by the City of Toronto.

We have performed the auditing procedures as described below. This agreed-upon procedures engagement was performed in accordance with standards published by the Canadian Institute of Chartered Accountants. The sufficiency of these procedures is solely the responsibility of the Audit Committee of the City of Toronto. Consequently, we make no representation regarding the sufficiency of the City of Toronto Policies described below.

For the purpose of this letter, the financial information to which the auditing procedures were applied was comprised of the City of Toronto SAP report entitled "Analysis of Actuals by period for the Year of 2007" for the Auditor General's Office. This report is essentially a General Ledger report detailing the transactions that have been posted under the cost elements which compose the scope of the transactions subject to audit.



To clarify, Internal audit provided us with the listing of Cost Elements to be tested and they are as follows;

- 2010 Stationary and office
- 2020 Books and magazines
- 2040 Photocopy, Fax and Printing Supplies
- 2099 Other Office Materials
- 2260 Gasoline
- 2650 Computer and Printer Supplies
- 2999 Miscellaneous Materials
- 3070 Information processing
- 4205 Business Travel – Kilometer charge
- 4210 Business Travel – Accommodation
- 4215 Business Travel – Air
- 4220 Business Travel – Ground
- 4230 Business Travel – Other
- 4250 Conferences and Seminars – Advance
- 4252 Conferences and Seminars - Accommodation
- 4254 Conferences and Seminars – Air Travel
- 4255 Conferences and Seminars – Other
- 4256 Conferences and Seminars – Registration
- 4310 Training and Development
- 4340 Tuition Fees
- 4510 Rental of Vehicle and Equipment
- 4755 Meals (non-travel)
- 4760 Members Fees
- 4770 Parking Expense
- 4775 Meterage – intown
- 4810 Telephone
- 4811 Cellular phones
- 4820 Business meeting expense
- 4995 Other expenses

The aggregate amount of these Cost Elements was \$74,739.21 or 1.88% of the AGO 2007 budget of \$3,988,443. The cost elements over and above those we tested are subject to audit by the city's external auditor Ernst and Young.



The City of Toronto Policies applicable to the above named Cost Elements are as follows;

- Expense Claim Policies are they relate to Meal Allowance, Business meetings and Professional membership fees
- Conferences, Seminars, Business Travel
- Conflict of Interest
- Lieu Time Policy
- Mileage reimbursement
- Training and Development request
- Departmental Purchase Orders
- Contract Release Order for Blanket Contracts
- Sole Source Requests
- Petty Cash
- Tuition Fee Reimbursement
- Long Distance Phone Calls
- Cheque requisition procedures

The planning stage of this engagement consisted primarily of our meetings with the City of Toronto's Internal Audit Director and Staff at which time the applicability of the policies were discussed and a general overview of the scope was obtained. Internal Audit provided us with copies of the above noted policies which we used in our field work.

Internal audit also provided us with a Policy Applicability Matrix which linked each Cost Element with its applicable city policies. We then extracted a statistically significant sample of the Cost Elements and combined them with the provided Matrix. The product of this exercise formed the basis of our substantive tests.

We tested our sample against the underlying supporting documents for adherence to the policies noted above and as a result of those tests we found no exceptions to the adherence to the policies as they applied to our test sample.

Based on the results of these tests we are satisfied that the AGO is in compliance with the applicable City of Toronto Policies as set out above.

This communication is provided solely for the purpose of determining compliance with the City of Toronto's Policies as required by section 169-30.5 of the City of Toronto's Municipal Code and should not be used for any other purposes.

Yours truly,



Robert Gore & Associates
Chartered Accountants