



Hilborn Ellis Grant LLP
Chartered Accountants

May 16, 2012

Joseph P. Pennachetti
City Manager
Toronto City Hall, 11th Floor East
100 Queen Street West
Toronto, Ontario M5H 2N2

Re: Integrity Commissioner'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, 2011

To the City Manager of the City of Toronto:

This letter has been prepared at the request of Toronto City Council to obtain assurance that expenditures incurred by the Integrity Commissioner's Office of the City of Toronto (ICO) are in compliance with the applicable policies and procedures, including appropriate exercise of delegated authorities 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 policies, procedures and delegated authorities is solely the responsibility of the City of Toronto. Consequently, we make no representation regarding the sufficiency of the City of Toronto policies, procedures and delegated authorities described below.

For the purpose of this letter, the financial information to which the auditing procedures were applied was included within the City of Toronto SAP report, "Detailed Expense Report for the Year 2011" for the ICO. This report is essentially a General Ledger detailing the transactions that have been posted under the cost elements which in turn comprise the scope of the transactions subject to audit. The report was provided directly to us from by staff of the City Clerk's Office.

To clarify, the Quotation Request identified the following Cost Elements to be tested:

1025 Permanent -Overtime SAP	3030 M&E Office
1050 Permanent - Vacation Pay	3032 M&E Photographic
2010 Stationery and Office Supplies	3050 M&E Kitchen
2020 Books and Magazines	3070 M & E - Info Process
2040 Photo Fax & Print Supplies	3310 Furnishings
2080 Photo & Video Supplies	3410 Computers -hardware
2090 Graphic Design Supplies	3420 Computers - Software
2099 Other Office Material	4010 Prof Srv - Legal
2260 Gasoline	4038 Prof & Tech IT
2570 Janitorial Supplies	4078 Cons Svs Tech
2610 Kitchen Supplies	4079 Cons Svs IT
2650 Comp & Printer Supplies	4082 Photo/Video Systems
2660 Footware	4089 Cons Svs Mgmt/R&D
2741 Food Cost	4091 Cons Svs Ext Lawyers
2790 Presentation Items	4093 Cons Svs Creative Communications
2999 Misc Materials	4118 Tickets
3020 M&E Communications	4199 Other Prof/Tech Serv



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| 4205 Bus Trav - KM | 4755 Meal Allow (Non-Travel) |
| 4210 Bus Trav - Accom | 4760 Membership Fees |
| 4215 Bus Trav - Air Trans | 4770 Parking Expenses (Intown) |
| 4220 Bus Trav - Gr Trans | 4775 Metrage - OP (Intown) |
| 4225 Bus Trav - Pub Trans | 4805 Postage |
| 4230 Bus Trav - Other Exp | 4808 Network cabling |
| 4251 Conf/Semin - KM | 4810 Telephone |
| 4252 Conf/Semin - Accom | 4811 Cellular Telephones |
| 4253 Conf/Semin - Air/Rail | 4812 Long Distance Phone Calls |
| 4254 Conf/Semin - Grd Trans | 4813 Internet |
| 4255 Conf/Semin - Other Exp | 4815 Courier |
| 4256 Conf/Semin - Regist Fee | 4820 Business Meeting Expenses |
| 4310 Train/Dev - External | 4822 Receptions & PR |
| 4340 Tuition Fees | 4825 Print & Rep - 3rd party |
| 4414 Advertising & Promotion | 4995 Other Expenses |
| 4416 Transfer, Haul & Storage | 4999 Miscellaneous |
| 4424 Contr - Srv - General | 6031 Contribution Insurance Reserve Fund |
| 4465 Contracted Services - Monitoring System | 7025 IDC - Postage & Courier |
| 4472 Comp Hardware Main | 7030 IDC - Printing & Rep |
| 4474 Comp Software Main | 7035 IDC - Copying |
| 4510 Rental of Veh & Equip | 7090 IDC - Admin Charges |
| 4515 Rental of Office Eq | 7097 IDC - EMS |
| 4530 Rental of Property | 7130 IDC - User HDWE & OPS |
| 4555 Pager/Radio Rental | |

We were provided directly from the City Clerk's Office, the Policy Applicability Matrix (Matrix) that linked each Cost Element above with the applicable City of Toronto policies and procedures below:

- Expenses Claim Policies as they relate to Meal Allowance, Business meetings and Professional Memberships and Association Fees
- Conferences, Seminars and Business Travel
- Business Expense Policy
- Vacation
- Kilometrage Reimbursement for use of Personal Vehicle for City business
- Lieu time
- Tuition Reimbursement
- Blanket Contract Procedures
- Procedure for using Divisional Purchase Orders (DPOs)
- Divisional Purchase Orders (DPOs)
- Long Distance Telephone
- Payment Requisition Procedures
- Petty Cash Policy and Procedures
- Purchasing Card (PCard) Program
- Selection and Hiring of Consulting Services
- Sole Source or Non-Competitive Procurement Procedures

To further clarify, the Quotation Request identified the delegated authorities as follows:

- Chapter 71, Financial Control
- Chapter 195, Purchasing
- Chapter 217, Records, Corporate (City)
- Chapter 257, Signing Authority (spending authority set at the level of a Division Head)



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In addition, the Quotation Request identified the policy framework for the City's Accountability Officers, codified in the Toronto Municipal Code, Chapter 3, "Accountability Officers", which reinforces both their arms-length relationship to the City and their independent status within the City's governance system. As part of the implementation of Chapter 3, Accountability Officers are required to comply with all applicable City-by laws, policies and procedures while maintaining their balance between accountability and independence.

Copies of the above City of Toronto policies and procedures and web-links to the City of Toronto related delegated authorities were provided by the City Clerk's Office.

We selected a statistical sample of transactions to be tested based on the number of entries in each Cost Element and examined those transactions for compliance with the applicable policies and procedures of the Matrix, including appropriate exercise of delegated authorities with underlying supporting documents for adherence to the policies, procedures and delegated authorities noted above.

As a result of applying the above procedures, we found no exceptions to the adherence to the policies, procedures and delegated authorities as they applied to our test sample.

It should be understood that we make no representations as to the sufficiency for your purposes of the procedures as described in the preceding paragraphs. Further we have addressed ourselves solely to the report, which we received directly from staff of the City Clerk's Office of the City of Toronto and make no representations as to whether any material items were omitted. Our procedures do not constitute an audit of the report and therefore we express no opinion on the report.

This letter is provided solely for the purpose of determining compliance with the Section 3-8B of the City of Toronto's Municipal Code and should not be used for any other purpose.

Any use that a third party makes of this letter, or any reliance or decisions made based on it, are the responsibility of such third party. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this letter.

Yours very truly,

Hilborn Ellis Grant LLP

I.B. MacKenzie\mam



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Appendix

In compliance with section 6.3 b. of the Quotation Request, the following are items set forth in Appendix 3 for the year ended December 31, 2011.

List of Annual Sole Source Purchasing Activity

The City Clerk's Office provided us a list of Annual Sole Source Purchasing Activity incurred by the Accountability Offices which noted there were no such transactions incurred by the ICO.

List of Annual Consulting Services Expenditures

During our engagement, we inquired with the City Clerk's Office regarding Annual Consulting Services Expenditures incurred by the Accountability Offices. The City Clerk's Office noted there were no such transactions incurred by the ICO.

