



Hilborn Ellis Grant LLP
Chartered Accountants

May 17, 2012

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

Re: Lobbyist Registrar'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 Lobbyist Registrar's Office of the City of Toronto (LRO) 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 LRO. 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



May 17, 2012

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	7075 IDC - Corp. Info
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)



May 17, 2012

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 noted one exception to the adherence of City-by laws, policies and procedures, as documented in Appendix B.

Except for the item noted above, we found no other 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



May 17, 2012

Appendix A

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 LRO.

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 LRO.



May 17, 2012

Appendix B

We noted an instance of non-adherence of the Attendance at Conferences/Seminars and Business Travel for Staff and Councillors Policy to a business travel expenditure incurred during the year.

- The policy under which the expenditure was assessed states that ‘reimbursements for travel expenses are limited to the economy class by air where applicable. If an alternative means of transportation (e.g. train, bus, automobile) is used, reimbursement is limited to the lesser of the actual cost and economy class airfare’.
- A staff member from the LRO travelled outside of the GTA for business purposes by way of a business class supersaver train fare. The train fare taken was lower than the cost of an economy class airfare ticket.
- The LRO confirmed that the business class train fare (wifi included) was approximately the same cost as the economy train fare, plus wifi internet access, which was an extra charge when travelling via economy class; however a quote for the economy train fare was not retained by the office to support this.
- The policy provides guidelines for obtaining travel rates/quotes and requires that copies of all quotes be retained as supporting documentation.
- The policy further states that ‘City of Toronto employees and elected officials are requested to obtain the lowest rate available at the time when making business-travel arrangements for outside the GTA for conferences, seminars, and business travel’ and we have interpreted this that in the event the train was utilized for travel, then the lowest rate of train fare must be obtained. By not retaining the economy train fare quote then this in itself may be a non-adherence to the policy and results in not being determinable if in fact the lowest rate available at time of travel was obtained.
- As per the “Detailed Expense Report for the Year 2011” provided by the City Clerks’ Office, following are the details of transaction tested.

Vendor Name	Posting Date	Document Date	Amount	Ref Document Number
Via Rail	3/7/2011	1/25/2011	\$307.36 (tax included)	1900188043

- Subsequent to our finding as noted above, the Accountability Office obtained a quote from Via Rail for the same date that the staff member travelled using the business supersaver train fare. Via Rail confirmed that the economy fare would have been \$311.88 (tax included) and that there was a special fare of \$164.98 (tax included) of limited availability if booked at least 4 days in advance. As a result, the staff member has reimbursed the Accountability Office for the difference between the business supersaver fare and the special fare.

