



City of Toronto
Compliance Audit
Report
Re: Justin Di Ciano



FROESE FORENSIC
> *The Financial Investigators* partners ltd.

City of Toronto

Compliance Report Re: Justin Di Ciano



Chronology:

- July 12, 2010 – Di Ciano registered for the election campaign.
- June 23, 2011 – Filing of Primary Financial Statement for the period from July 12, 2010 to December 31, 2010.
- September 20, 2011 – Applicant (Mary Mainguy-Hope) submitted request for compliance audit.
- October 17, 2011 – CAC determined that a compliance audit be conducted.
- December 19, 2011 – Froese Forensic Partners Ltd (“**FFP**”) retained to conduct a compliance audit.
- August 15, 2012 – FFP issued the Compliance Audit Report.
- August 26, 2012 – Additional concerns raised by Debra Selkirk.
- September 10, 2012 – FFP issued Addendum to the Report.

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Issues Identified by Applicant:

- List of thirteen (13) items set out in paragraph 1.4 of the FFP report.
- Discussion of each and findings set out in Section 3 and 2 of the report, respectively.

Issue Identified by Debra Selkirk:

- Di Ciano had purchased two (2) moose for the campaign from her late husband's company.
- Discussion and findings set out in the Addendum to the FFP report.

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Compliance Audit:

- Purpose: *“to determine whether the auditee is following specific procedures or rules set down by some higher authority”*(1).
- Address issues raised by the Applicant as well as other matters identified through the compliance audit process.
- Reconcile every number on the Financial Statement to supporting details.
- Materiality considerations.
- Procedures summarized in paragraph 1.9.
- Report any apparent contraventions of the Municipal Elections Act.

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Report Amendments:

- Considered concern raised by Debra Selkirk.
- Additional apparent contraventions of the Act as set out in paragraph 10 of Addendum to FFP report.
- Considered points raised by Jack Siegel in his correspondence dated September 6, 2012.
- No amendments to the earlier findings set out in the FFP report.

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Findings – General:

- Difference between Sections 2 (Overall Findings) and 3 (Details in Support of Our Findings).
- Everything examined; Not everything reported on.
- Campaign adhered to authorized expense limitation.

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Findings – Contributions:

1. One instance of over-contribution:

- A contributor provided \$100.00 on September 30, 2010 and \$750.00 on November 20, 2010; \$100 receipt was voided but no refund was issued from campaign account.
- After brought to the attention of Di Ciano during our interview, he refunded \$100 to contributor.
- Apparent contravention of s. 71(1) of the Act.

2. Post-December 31, 2011 Contributions:

- Two contributions totaling \$800.00 were dated and deposited to the campaign account after December 31, 2010.
- *Note 1.*
- Apparent contravention of s. 68(1)(2) and 70(1)(2) of the Act.

Note 1: Comments raised by Jack Siegel were responded to in paragraph 14 of the Addendum.

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Findings – Contributions, cont'd:

3. Contribution from a Corporation:

- Personal contribution of \$5,000.00 was transferred from the bank account of 3993 Fourteenth Avenue Holdings Inc, controlled by Di Ciano.
- *Note 2.*
- Apparent contravention of s. 70(7) of the Act and City of Toronto By-Law 1177-2009.

4. Contributions In-Kind:

- Reported contributions in kind totaling \$2,500.00 was not included in the total of campaign contributions; Further, not all of this amount was contributed by Di Ciano - \$1,550.00 were contributions from other individuals.
- Apparent contravention of s. 66(1), 69(1)(k) and 78(1) of the Act.

Note 2: Comments raised by Jack Siegel were responded to in paragraph 15 of the Addendum.

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Findings – Contributions, cont'd:

5. Contributions from Joint Bank Accounts:

- Instances identified where contributions were made from a joint bank account where the receipt was not issued to the cheque signor or the signature was illegible.
- No apparent contravention of the Act, but the issuance of receipts did not, in all cases, follow the Guide.

6. Contributions from Julien Di Ciano:

- Two contributions in kind not reported that may have exceeded contribution limit: Islington Junior Middle School gym rental of \$727.35 and use of printer for “Vote Justin Di Ciano” flyers assigned value of \$100.
- *Note 3.*
- Apparent contravention of s. 66(1), 67(1) and 71(1) of the Act.

Note 3: Comments raised by Jack Siegel were considered and second in-kind contribution reduced to \$30.00 to \$45.00. See paragraph 17 of the Addendum.

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Findings – Contributions, cont'd:

7. Contributions In-Kind – Moose Refurbishing:

- Initially discussed in paragraphs 3.27 to 3.29 of Report.
- Additional information came in recently.
- Discussion and Findings at paragraphs 2 to 11 of Addendum.
- Apparent contravention of s. 66(1), 67(1), 69(1)(k), 69(1)(l), 71(1) and 78(1) of the Act.

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Findings – Expenses:

1. Expenses Prior to Filing as a Candidate:

- Agreement to Lease signed July 1, 2010 and rent cheque for the full month cleared Di Ciano's personal account on July 8, 2010. Prior to filing date of July 12, 2010.
- Apparent contravention of s. 76(1), 76(2), 69(1)(c).

2. Unreported Cost of Promotional Door Hanger:

- Invoice from Igniter for \$327.70 was not reported in FS; Invoice never sent to Campaign.
- Apparent contravention of s. 67(1).

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Findings – Expenses, cont'd:

3. Time Sheets for Fundraising Activities:

- No timesheets of paid fundraising labour were provided.
- Apparent contravention of s. 69(1)(g) of the Act.

4. Office Insurance Policy:

- Amount paid for insurance coverage at campaign office was under-reported by \$164.00.
- Apparent contravention of s. 69(1)(k) and 78(1) of the Act.

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Findings – Financial Reporting:

1. Election Sign Deposit Fee & Other Cash Payments:

- Costs associated to election sign deposit fee (\$250.00), ward maps (\$16.95) and map duplication (\$25.17) were paid or reimbursed to the purchaser in cash by Di Ciano and not reported as contributions in kind.
- *Note 4.*
- Apparent contravention of s. 69(1)(e), 69(1)(k) and 78(1) of the Act.

2. Reporting of Fundraising Events:

- Di Ciano combined and reported the total revenue and expenses for both fundraising events on Schedule 2 of the FS as opposed to reporting separately.
- Apparent contravention of s. 69(1)(k) and 78(1) of the Act.

Note 4: Comments raised by Jack Siegel were responded to in paragraph 16 of the Addendum.

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Findings – Financial Reporting, Cont'd:

3. Statement of Assets & Liabilities:

- The Statement of Assets & Liabilities is incorrect in that the deficit was included in the total for “Accounts Receivable”; Amendment sent to City.
- Apparent contravention of s. 69(1)(k) and 78(1) of the Act.

4. Campaign Expense Limitation:

- Authorized expense limitation of \$40,969.45.
- After adjustments, FFP initially reported that Di Ciano’s expenses subject to limitation were \$38,469.91.
- After considering additional matters in the Addendum, FFP has concluded that Di Ciano remained within the authorized expense limitation.