May 20, 2014

Mr. 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, 2013

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 Chartered Professional Accountants of Canada. 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 2013” 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 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
- 1050 Permanent - Vacation Pay
- 2010 Stationery and Office Supplies
- 2020 Books and Magazines
- 2040 Photo Fax & Print Supplies
- 2080 Photo & Video Supplies
- 2082 Health and Safety Supplies
- 2090 Graphic Design Supplies
- 2099 Other Office Material
- 2260 Gasoline
- 2570 Janitorial Supplies
- 2610 Kitchen Supplies
- 2650 Computer & Printer Supplies
- 2710 General Hardware
- 2741 Food Cost
- 2790 Presentation Items
- 2999 Misc Materials
- 3020 M&E Communications
- 3030 M&E Office
- 3032 M&E Photographic
- 3033 M&E Printing & Binding
- 3050 M&E Kitchen
- 3099 General Equipment
- 3310 Furnishings
- 3410 Computers - Hardware
- 3420 Computers - Software
- 4010 Professional Services - Legal
- 4038 Professional & Technical Services (IT)
- 4078 Cons Svs Tech
- 4079 Cons Svs IT
- 4082 Photo/Video Systems
- 4086 Tech Services - Translations & Interpreters
- 4089 Cons Svs Mgmt/R&D
- 4091 Cons Svs Ext Lawyers
- 4093 Cons Svs Creative Communications
- 4097 Honoraria
- 4110 Honoraria
- 4118 Tickets
- 4130 Process Server Fees
- 4132 Conduct Money
- 4144 Investigative Expenses
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:

- Business Expense Policy
- Vacation
- Kilometrage Reimbursement for use of Personal Vehicle for City Business
- Lieu Time
- Training and Development
- Attendance Management
- Leave without Pay
- Tuition Reimbursement
- Blanket Contract Procedures
- 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
- Using an Established Roster to Obtain Professional, Consultant or Other Services

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)
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 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,

I.B. MacKenzie\dc
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, 2013.

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.