

May 20, 2014

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

Re: Ombudsman'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

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

4199 Other Prof/Tech Serv	4555 Pager/Radio Rental
4205 Bus Trav - KM	4590 Rental - Other
4210 Bus Trav - Accom	4699 Repair & Maintenance - Other
4215 Bus Trav - Air Trans	4755 Meal Allow (Non-Travel)
4220 Bus Trav - Gr Trans	4760 Membership Fees
4225 Bus Trav - Pub Trans	4770 Parking Expenses (Intown)
4230 Bus Trav - Other Exp	4775 Metrage - OP (Intown)
4251 Conf/Semin - KM	4805 Postage
4252 Conf/Semin - Accom	4808 Network Equipment, incl. Cabling
4253 Conf/Semin - Air/Rail	4810 Telephone
4254 Conf/Semin - Grd Trans	4811 Cellular Telephones
4255 Conf/Semin - Other Exp	4812 Long Distance Phone Calls
4256 Conf/Semin - Regist Fee	4813 Internet
4310 Train/Dev - External	4815 Courier
4340 Tuition Fees	4820 Business Meeting Expenses
4414 Advertising & Promotion	4822 Receptions & PR
4415 Contracted Services - Janitorial	4825 Print & Rep - 3rd party
4416 Transfer, Haul & Storage	4985 Cash Over / Under
4424 Contracted Services - General	4995 Other Expenses
4452 Transportation - Taxis	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	7130 IDC - User HDWE & OPS
4515 Rental of Office Equip	7170 IDC - Parks & Services
4530 Rental of Property (Other than Office)	

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 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, 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 OO Office as noted below.

<b>Description</b>	<b>Vendor name</b>	<b>Amount</b>
• Website maintenance & hosting	The Working Group	\$10,000.00
• Service - Internet webs	The Working Group	\$2,400.00

### **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 OO.