



April 25, 2015

Ms. Rosemary MacKenzie
c/o Toronto City Council – Audit Committee
City Clerks' Office
10th floor, West Tower, City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Re: Auditor General'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, 2014.

To the Audit Committee 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 Auditor General's Office of the City of Toronto (AGO) 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, "Actual Cost Line Items for Cost Centres for the Year Ending 2014" for the AGO. 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 AGO.

To clarify, the Quotation Request identified the following Cost Elements to be tested; those elements are summarized on the following pages.

1025 Permanent -Overtime SAP	3030 M&E Office
1050 Permanent - Vacation Pay	3032 M&E Photographic
2010 Stationery and Office Supplies	3033 M&E Print & Bind
2020 Books and Magazines	3050 M&E Kitchen
2040 Photo Fax & Print Supplies	3099 General Equipment
2080 Photo & Video Supplies	3310 Furnishings
2082 Health and Safety Supplies	3410 Computers -hardware
2090 Graphic Design Supplies	3420 Computers - Software
2099 Other Office Material	4010 Prof Srv - Legal

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2260 Gasoline	4015 Prof Serv - Audit
2570 Janitorial Supplies	4038 Prof & Tech IT
2610 Kitchen Supplies	4050 Technical Services - Survey & Mapping
2650 Comp & Printer Supplies	4078 Cons Svs Tech
2660 Footwear	4079 Cons Svs IT
2710 General Hardware	4082 Photo/Video Systems
2741 Food Cost	4086 Tech. Services Translations & Interpreters
2790 Presentation Items	4089 Cons Svs Mgmt/R&D
2791 Ribbons, Medals & Trophies	4091 Cons Svs Ext Lawyers
2999 Misc Materials	4093 Cons Svs Creative Communications
3020 M&E Communications	4110 Honoraria
4118 Tickets	4510 Rental of Veh & Equip
4122 Transcripts	4515 Rental of Office Eq
4130 Process Server Fees	4530 Rental of Property
4132 Conduct Money	4555 Pager/Radio Rental
4144 Investigative Expenses	4590 Rental - Other
4199 Other Prof/Tech Serv	4699 Repair & Maint - Other
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 services
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	4985 Cash Over / Under
4415 Contr Srv - Janitorial	4995 Other Expenses
4416 Transfer, Haul & Storage	4999 Miscellaneous
4424 Contr Srv - General	6031 Contribution Insurance Reserve Fund
4452 Transportation - Taxis	6570 Bank Service Charges
4465 Contracted Services - Monitoring System	7025 IDC - Postage & Courier
4472 Comp Hardware Main	7030 IDC - Printing & Rep
4473 Managed Print Charges	7035 IDC - Copying
4474 Comp Software Main	7130 IDC - User Hardware & Operations



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 (including Penny Elimination Policy)
- 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 Auditor General'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,

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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, 2014.

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 Office noted below. During our engagement we inquired with the Audit Manager of the AGO and the Auditor General, who corroborated this and further noted that one third of the ACL license renewal fees was recovered from the City Managers IA division.

Description	Vendor name
<ul style="list-style-type: none">ACL annual license renewal \$3680.00	Amount ACL

Applied specified auditing procedures to above.

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 AGO.