

April 30, 2018

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, 2017.

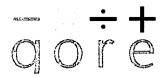
To the Audit Committee of the City of Toronto:

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 2017" 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.



SALARIES AND BENEFITS

- 1025 Permanent Overtime
- 1050 Permanent Vacation Pay

MATERIALS AND SUPPLIS

- 2010 Stationery and Office Supplies
- 2020 Books and Magazine Subscriptions
- 2040 Paper & Print Supplies
- 2080 Photographic & Video Supplies
- 2082 Health and Safety Supplies
- 2090 Graphic Design Supplies
- 2099 Other Office Materials/Minor Furnishings
- 2260 Gasoline
- 2570 Janitorial Supplies
- 2610 Kitchen Supplies
- 2650 Computer and Printer Supplies
- 2710 General Hardware
- 2741 Food Cost
- 2790 Presentation/Promotional Items
- 2791 Ribbons, Medals & Trophies*
- 2999 Miscellaneous Materials & Supplies

EQUIPMENT

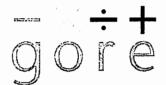
- 3020 M & E-Communications
- 3030 M & E-Office
- 3032 M & E-Photographic
- 3033 M & E-Printing & Binding
- 3050 M & E-Kitchen
- 3099 General Equipment
- 3310 Furnishings
- 3320 Fixtures
- 3410 Computers-Hardware
- 3420 Computers-Software

SERVICES AND RENTS

- 4010 Professional Services Legal
- 4038 Professional & Technical Services (IT)
- 4050 Technical Services Survey and Mapping*
- 4078 Consulting Services-Technical
- 4079 Consulting Services-IT
- 4082 Photo/Video Services
- 4086 Tech. Services-Translations & Interpreters
- 4089 Consulting Services -Management/Research and Development
- 4091 Consulting Services External Lawyers and Planners
- 4093 Consulting Services Creative Communications
- 4110 Honoraria
- 4118 Tickets
- 4122 Transcripts
- 4130 Process Server Fees

SERVICES AND RENTS (Con't)

- 4253 Conferences/Seminars-Air/Rail/Bus Travel
- 4254 Conferences/Seminars-Ground Transportation
- 4255 Conferences/Seminars-Other Expenses
- 4256 Conferences/Seminars-Registration Fees
- 4310 Training & Development-External
- 4340 Tuition Fees
- 4406 Contracted Services Office Equipment
- 4407 Contracted Services Buildings*
- 4410 Contracted Services Electrical
- 4414 Advertising & Promotion
- 4415 Contracted Services Janitorial
- 4416 Transfer, Haulage & Storage
- 4424 Contracted Services-General
- 4435 Contracted services security systems
- 4452 Transportation-Taxis
- 4465 Contracted Services-Monitoring Systems
- 4472 Computer Hardware Maintenance and Support Services
- 4473 Managed Print Charges
- 4474 Computer Software Maintenance and Support Services
- 4510 Rental of Vehicles & Equipment
- 4515 Rental of Office Equipment
- 4530 Rental of Property (Other than Office)
- 4555 Pager/Radio Rentals
- 4590 Rental-Other
- 4699 Repair & Maintenance Other
- 4755 Meal Allowances (Non-Travel)
- 4760 Membership Fees
- 4770 Parking Expenses (In town)
- 4775 Metrage-Operational (In town)
- 4804 Wireless Devices*
- 4805 Postage
- 4808 Network Equipment, incl. Cabling
- 4810 Telephone
- 4811 Cellular Telephones
- 4812 Long Distance Phone Calls
- 4813 Internet
- 4815 Courier
- 4820 Business Meeting Expenses
- 4822 Receptions and Public Relations
- 4825 Printing and Reproduction -Third Parties
- 4827 Online Services Fee



- 4132 Conduct Money
- 4144 Investigative Expenses
- 4199 Other Professional and Technical Services
- 4205 Business Travel-Kilometrage
- 4210 Business Travel-Accommodation
- 4215 Business Travel-Air Transportation
- 4220 Business Travel-Ground Transp.
- 4225 Business Travel-Public Transit
- 4230 Business Travel-Other Expenses
- 4251 Conferences/Seminars-Kilometrage
- 4252 Conferences/Seminars-Accommodation

- 4985 Cash Over / Under
- 4995 Other Expenses

CAPITAL TRANSFERS & OTHER EXPENDITURES

- 6031 Contribution Insurance Reserve Fund
- 6570 Bank Service Charges*

INTER-DIVISIONAL CHARGES

- 7025 IDC Postage & Courier
- 7030 IDC Printing
- 7035 IDC Copying
- 7080 IDC other services
- 7097 IDC EMS
- 7130 IDC User Hardware & Operational System Support
- 7170 IDC Parks Services

OTHER REVENUE

- 9185 Foreign Exchange Gains or Losses
- 9457 Trade A/P Discount Received*

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.

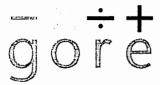
Yours very truly,

Robert Gore & Associates

Chartered Professional Accountants Licensed Public Accountants 1238 Kingston Road, Toronto, Ontario

M1N 1P3

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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, 2017.

Cost Element	Vendor	PO#	Net Price	HST	Gross Total	Item Description
4424	Redacted	3552056	\$ 6,407.00	\$ 832.91	\$ 7,239.91	Hotline Call Center
4424	Redacted	3562165	\$ 4,304.50	\$ 559.59	\$ 4,864.09	Hotline Call Center
4310	CCAF-FCVI	3559127	\$ 5,404.74	\$ 702.62	\$ 6,107.35	Training
3420	ACL SERVICES LTD	3563618	\$ 12,266.68	\$ 1,594.67	\$ 13,861.34	ACL Analytics Software
3420	ACL SERVICES LTD	6044765	\$ 6,023.46	\$ 783.05	\$ 6,806.51	ACL Analytics Software
4079	KPMG	6044923	\$ 48,575.00	\$ 6,314.75	\$ 54,889.75	IT Audit Services
4010	Redacted	6044930	\$ 13,680.00	\$ 1,778.40	\$ 15,458.40	Confidential legal opinion
4015	Redacted	6044931	\$ 40,350.00	\$ 5,245.50	\$ 45,595.50	Confidential forensic
4015	Redacted	3551581	\$ 2,950.00	\$ 383.50	\$ 3,333.50	Confidential forensic
4015	Redacted	3562163	\$ 720.00	\$ 93.60	\$ 813.60	Confidential forensic

List of Annual Non-Competitive Procurement Activity

The AGO provided us with the list of Annual Non-Competitive Procurement Activity. Certain details have been redacted to comply with Section 181 of the City of Toronto Act in which the Duty of Confidentiality is defined.

List of Annual Consulting Services Expenditures

During our engagement, we made enquiries to 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.