



June 21, 2019

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, 2018.

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 2018" 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.



<p>SALARIES AND BENEFITS</p> <ul style="list-style-type: none"> • 1025 – Permanent – Overtime • 1050 – Permanent – Vacation Pay <p>MATERIALS AND SUPPLIS</p> <ul style="list-style-type: none"> • 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 • 2670 – Uniforms* • 2710 - General Hardware • 2741 - Food Cost • 2790 - Presentation/Promotional Items • 2791 – Ribbons, Medals & Trophies • 2999 - Miscellaneous Materials & Supplies <p>EQUIPMENT</p> <ul style="list-style-type: none"> • 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 <p>SERVICES AND RENTS</p> <ul style="list-style-type: none"> • 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 	<p>SERVICES AND RENTS (Con't)</p> <ul style="list-style-type: none"> • 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
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<ul style="list-style-type: none"> • 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 • 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 • 4253 - Conferences/Seminars-Air/Rail/Bus Travel • 4254 - Conferences/Seminars-Ground Transportation • 4255 - Conferences/Seminars-Other Expenses • 4256 - Conferences/Seminars-Registration Fees 	<ul style="list-style-type: none"> • 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 • 4985 – Cash Over / Under • 4995 - Other Expenses <p>CAPITAL TRANSFERS & OTHER EXPENDITURES</p> <ul style="list-style-type: none"> • 6031 - Contribution Insurance Reserve Fund • 6570 – Bank Service Charges <p>INTER-DIVISIONAL CHARGES</p> <ul style="list-style-type: none"> • 7025 - IDC - Postage & Courier • 7030 - IDC - Printing • 7035 - IDC – Copying • 7070 – IDC – Facilities Maintenance Services* • 7080 – IDC – Other Services • 7097 – IDC – EMS • 7130 - IDC - User Hardware & Operational System Support • 7170 - IDC - Parks Services <p>OTHER REVENUE</p> <ul style="list-style-type: none"> • 9185 – Foreign Exchange – Gains or Losses • 9450 – Sundry Revenue* • 9457 – Trade A/P Discount Received • 9475 – Insurance Loss Recoveries*
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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
(416) 699-8070



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, 2018.

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.

Cost Element	Vendor	PO#	Net Price	HST	Gross Total	Item Description
3420	Wolters Kluwer Ltd	6048109	\$ 103,017.00	\$ 13,392.21	\$ 116,409.21	Audit management software
3420	Customer expressions corp	6046813	\$ 40,833.33	\$ 5,308.33	\$ 46,141.67	Hotline management software
3420	ACL Services Ltd.	6044765	\$ 14,129.95	\$ 1,836.89	\$ 15,966.85	ACL Analytics Software
4079	KPMG	6044923	\$ 48,575.00	\$ 6,314.75	\$ 54,889.75	IT Audit Services
4199	Redacted	3573174	\$ 12,000.00	\$ 1,560.00	\$ 13,560.00	Confidential forensic
4199	Redacted	3575833	\$ 12,000.00	\$ 1,560.00	\$ 13,560.00	Confidential forensic
4424	Redacted	3562165	\$ 4,898.53	\$ 636.81	\$ 5,535.33	Hotline call center
4424	Redacted	3567551	\$ 5,475.59	\$ 711.83	\$ 6,187.42	Hotline call center

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.