TORONTO

REPORT FOR ACTION

Supplementary Report - Update on the Procurement Process for the appointment of an External Auditor by the Compliance Audit Committee

Date: July 22, 2019
To: Compliance Audit Committee
From: City Clerk
Wards: All

SUMMARY

This supplementary report provides updated information to the Compliance Audit Committee ("Committee") on the non-competitive procurement process to retain an external auditor to conduct a compliance audit of the election campaign finances of candidates that it may grant during the 2018-2022 term of office.

The City Clerk previously submitted a report to the Committee, entitled "Update on the Procurement Process for the appointment of an External Auditor by the Compliance Audit Committee", dated July 11, 2019. Since that time, the City Clerk has researched and contacted potential auditors. Based on experience, availability and willingness of auditors, the City Clerk recommends that the Committee appoint: (1) William Molson; and (2) MNP LLP, to conduct a compliance audit of the election campaign finances of candidates for which it may grant an application during the 2018-2022 term of office.

RECOMMENDATIONS

The City Clerk recommends that:

1. The Compliance Audit Committee appoint auditor William Molson to conduct a compliance audit of candidate Faith Goldy's 2018 municipal election campaign finances for which the Compliance Audit Committee granted an application on April 29, 2019, and, at the discretion of the Committee, any future applications for audit that the Committee may grant during the 2018-2022 term of office.

2. The Compliance Audit Committee appoint the auditing firm MNP LLP to conduct a compliance audit of the 2018 municipal election campaign finances for candidate Jim Karygiannis, for which the Committee granted an application on July 2, 2019, and, at the discretion of the Committee, MNP LLP may also be used for any future applications for audit that the Committee may grant during the 2018-2022 term of office.

3. Authorize the appropriate City Officials to take the necessary action to give effect to the decision of the Compliance Audit Committee.

FINANCIAL IMPACT

The City Clerk, in consultation with the City's Legal Division, will establish a contract, in the amount of $50,000 for William Molson and $150,000 for MNP LLP. These amounts are based on the estimated costs to conduct the compliance audits of the campaign finances of two (2) candidates that the Committee has granted to date. The estimated contract amounts are sufficient to accommodate further requirements, should the Committee grant additional compliance audit applications during the 2018-2022 term of office. The amounts may be adjusted for various reasons, including that some audits may be more complex than anticipated.

Subsection 88.33(16) of MEA requires the municipality to pay the auditor's costs of performing compliance audits. Funding for compliance audits is included in the annual City Clerk's Office operating budgets, fully recovered from the Election Reserve Fund.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

The Committee, at its meeting on April 1, 2019, adopted its Purchasing Policy (Item EA1.3).
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EA1.3

The Committee has granted compliance audits of the campaign finances for the following candidates:

1. Faith Goldy on April 29, 2019:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EA2.1

2. Jim Karygiannis on July 2, 2019:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EA3.1

COMMENTS

The City Clerk issued two separate Requests for Services to retain an auditor on behalf of the Compliance Audit Committee and both competitive procurement calls were unsuccessful. The requirement for the Committee to appoint an external auditor is statutory and urgent given that it has granted two applications for candidates Faith Goldy and Jim Karygiannis on April 29, 2019 and July 2, 2019, respectively. The City Clerk has therefore pursued a non-competitive procurement process to appoint an auditor for the Compliance Audit Committee.

Based on experience, availability and willingness of auditors, the City Clerk recommends that the Committee appoint: (1) William Molson; and (2) MNP LLP, to conduct compliance audits of the election campaign finances of candidates for which it may grant an application during the 2018-2022 term of office.

William Molson is a sole practitioner and a licensed public accountant under the Public Accounting Act, 2004. He has extensive experience in conducting audits for candidates running for municipal office and for provincial and federal riding associations. He has undertaken compliance audits on behalf of the Compliance Audit Committees for the Cities of Pickering, Guelph, Windsor and London.

MNP LLP is a national accounting, tax and business consulting firm, with offices throughout Canada. Their auditors provide audit services to private corporations and governments and they have completed compliance audit work large in scale, scope and complexity including at the federal level. They also have the staff capacity to perform the required tasks to meet the demands, as they have a team that specializes in investigations, risk assessment and forensic accounting.

This report recommends that William Molson be assigned to undertake a compliance audit of the election campaign finances of Faith Goldy and MNP LLP be assigned to undertake a compliance audit of the election campaign finances of Jim Karygiannis and any other candidate if the Committee grants an application. Audit assignments are based on a number of considerations, including the auditor's availability, conflicts of interest and other factors.

Negotiation of Agreement with Auditors

The Committee's Purchasing Policy authorizes the City Clerk to negotiate and execute all agreements related to the auditor's services once the Committee has appointed an auditor. The City Clerk will undertake to negotiate an agreement between the City and each of the auditors with a term beginning immediately and expiring on November 14, 2022. The end date coincides with the end of the Committee members' term of office.

CONTACT

Fiona Murray, Deputy City Clerk, Election Services; 416-392-8019
Fiona.Murray@toronto.ca

SIGNATURE

Ulli S. Watkiss
City Clerk