

## **Appointment of an External Auditor for the Annual Compliance Audit of the Accountability Offices – 2020 to 2024**

**Date:** July 7, 2021

**To:** City Council

**From:** City Manager

**Wards:** All

### **SUMMARY**

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This report seeks City Council's appointment of an external auditor to conduct an annual compliance audit of the offices of Toronto's four Accountability Officers for a five-year period. The external auditor will conduct compliance audits for the offices of the Auditor General, the Integrity Commissioner, the Lobbyist Registrar, and the Ombudsman for the calendar years ending December 31st for 2020, 2021, 2022, 2023 and 2024, as required by Section 3-1.7. B of the Toronto Municipal Code, Chapter 3, Accountability Officers. The contract with the current external auditor, Robert Gore and Associates, expired in 2020. This report also seeks Council authority for the City Manager to execute the contract with the appointed external auditor.

### **RECOMMENDATIONS**

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The City Manager recommends that:

1. City Council appoint Robert Gore and Associates as the external auditor to conduct an annual compliance audit for the offices of each of the City's Accountability Officers for a five-year period for calendar years ending December 31st for 2020, 2021, 2022, 2023 and 2024.
2. City Council authorize the City Manager to award a contract to Robert Gore and Associates being the lowest bidder meeting the terms and conditions set forth in Request for Quotation No. Doc2755600852 issued by the Purchasing and Materials Management Division (PMMD) on June 3, 2021, to carry out the annual compliance audit for the offices of each of the City's Accountability Officer for a five-year period for calendar years ending December 31st for 2020, 2021, 2022, 2023 and 2024.

## FINANCIAL IMPACT

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The annual compliance audit for the offices of each of the City's four Accountability Officers for fiscal years ending December 31st for 2020, 2021, 2022, 2023 and 2024 will be \$12,650 excluding HST annually for a total of \$63,250 excluding HST for all five years. Funding will be provided in the 2021, 2022, 2023, 2024, and 2025 Operating Budgets from the City's Non-Program Account.

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

## DECISION HISTORY

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At its meeting on August 25 and 26, 2014, City Council considered the report entitled Appointment of an External Auditor for the Annual Compliance Audit of the Accountability Offices - 2014 to 2018 (CC55.2) and approved the appointment of an external auditor, Robert Gore and Associates, to carry out the annual compliance audit for the offices of each Accountability Officer for the years 2014 to 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.CC55.2>

At its meeting on April 29, 2009, Council adopted a comprehensive policy framework for Toronto's Accountability Officers, A Policy Framework for Toronto's Accountability Officers (EX31.1), codified in Chapter 3 of the Toronto Municipal Code. The Framework reinforces both the Accountability Officers' arms-length separation from the City administration and their independent status within the City's governance system, and includes the requirement of an annual external compliance audit for the offices of each Accountability Officer. A Policy Framework for Toronto's Accountability Officers and supplementary report can be found respectively at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX31.1> and

<http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/backgroundfile-20619.pdf>

Toronto Municipal Code, Chapter 3, Accountability Officers can be found at:

[http://www.toronto.ca/legdocs/municode/1184\\_003.pdf](http://www.toronto.ca/legdocs/municode/1184_003.pdf)

## COMMENTS

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The City of Toronto has four Accountability Officers – Auditor General, Integrity Commissioner, Lobbyist Registrar and Ombudsman (the “Accountability Officers”). The Accountability Officers carry out the duties and responsibilities of his or her office in an independent manner and are appointed by and report to Council.

City Council established an Auditor General in 2002 and an Integrity Commissioner in 2004. The Province of Ontario subsequently included a requirement in the City of Toronto Act, 2006, to establish a Lobbyist Registry and to establish an Auditor General, an Integrity Commissioner, and an Ombudsman, along with authority to appoint a Lobbyist Registrar. To meet its statutory obligations and round out the City's

accountability system, Council established a lobbyist registry and appointed a Lobbyist Registrar in 2007, and appointed an Ombudsman in 2008.

Section 3-1.7. B of Toronto Municipal Code, Chapter 3, Accountability Officers, requires that the office of each Accountability Officer undergo an annual compliance audit by an external auditor appointed by and reporting to Council. Moreover, the Framework adopted by Council indicates that the City Manager's Office will facilitate the request for proposals process to recommend appointment of an external auditor to City Council.

The contract with the current external auditor, Robert Gore and Associates, expired in 2019 and was extended for one year into 2020 and therefore it is necessary for City Council to appoint an external auditor to undertake the annual compliance audit of the offices of each Accountability Officer for a five-year period, starting in 2021, for calendar years ending December 31st for 2020, 2021, 2022, 2023 and 2024. PMMD issued Request for Quotation No. Doc2755600852 on June 3, 2021 and invited four firms to bid. The closing date for the submission was June 16, 2021. No addenda were issued. Three firms, BDO Canada LLP, Grant Thornton LLP and RSM Canada, did not submit a bid. The City received a total of one submission, which is summarized in the table below. Robert Gore and Associates is the successful bidder, with the lowest cost bid meeting all requirements.

Table 1: Summary of Responses to Request for Quotation

<b>Firm</b>	<b>Year 1 2020</b>	<b>Year 2 2021</b>	<b>Year 3 2022</b>	<b>Year 4 2023</b>	<b>Year 5 2024</b>
Robert Gore and Associates	\$12,650.00	\$12,650.00	\$12,650.00	\$12,650.00	\$12,650.00

The annual compliance audit for the offices of each of the City's Accountability Officers enables Council to hold the Accountability Officers responsible for the administration of their offices' services and their use of public funds. More specifically, the external audit focuses on compliance with the applicable City policies and procedures, with financial information, and with authorities delegated to the Accountability Officers under the Toronto Municipal Code. In addition to auditing compliance with City policies, procedures, and delegated authorities, the report for the office of each Accountability Officer includes lists of annual sole source purchasing activity and annual consulting service expenditures.

These compliance audits are separate and apart from the inclusion of the accountability offices in the annual attest audit of the entire corporation's finances, as required by Section 3-1.7. A of Toronto Municipal Code, Chapter 3.

Once appointed, the external auditor will carry out the annual compliance audits for the offices of each of the City's Accountability Officers for a five-year period for calendar years ending December 31st for 2020, 2021, 2022, 2023 and 2024 with work to be completed in years 2021, 2022, 2023, 2024 and 2025. On an annual basis, the external

auditor will report the results of the compliance audit of the Auditor General through the Audit Committee to Council and the results of the compliance audits of the Integrity Commissioner, Lobbyist Registrar and Ombudsman will be transmitted directly to Council.

## **CONTACT**

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## **SIGNATURE**

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Chris Murray  
City Manager