



May 6, 2015

Toronto City Council
c/o John Livey
Acting City Manager, City of Toronto
Toronto City Hall, 11th floor.
100 Queen Street West
Toronto, ON M5H 2N2

Re: Office of the Ombudsman for 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 Toronto City Council:

This letter has been prepared at the request of Toronto City Council to obtain assurance that expenditures incurred by the Office of the Ombudsman for the City of Toronto (OM) 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 OM. 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 City Clerks' Office.

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	2260 Gasoline
1050 Permanent - Vacation Pay	2570 Janitorial Supplies
2010 Stationery and Office Supplies	2610 Kitchen Supplies
2020 Books and Magazines	2650 Comp & Printer Supplies
2040 Photo Fax & Print Supplies	2660 Footwear
2080 Photo & Video Supplies	2710 General Hardware
2082 Health and Safety Supplies	2741 Food Cost
2090 Graphic Design Supplies	2790 Presentation Items
2099 Other Office Material	2791 Ribbons, Medals & Trophies



- 2999 Misc Materials
- 3020 M&E Communications
- 3030 M&E Office
- 3032 M&E Photographic
- 3033 M&E Print & Bind
- 3050 M&E Kitchen
- 3099 General Equipment
- 3310 Furnishings
- 3410 Computers -hardware
- 3420 Computers - Software
- 4010 Prof Srv - Legal
- 4015 Prof Serv - Audit
- 4038 Prof & Tech IT
- 4050 Technical Services - Survey & Mapping
- 4078 Cons Svs Tech
- 4079 Cons Svs IT
- 4082 Photo/Video Systems
- 4086 Tech. Services Translations & Interpreters
- 4089 Cons Svs Mgmt/R&D
- 4091 Cons Svs Ext Lawyers
- 4093 Cons Svs Creative Communications
- 4110 Honoraria
- 4118 Tickets
- 4122 Transcripts
- 4130 Process Server Fees
- 4132 Conduct Money
- 4144 Investigative Expenses
- 4199 Other Prof/Tech Serv
- 4205 Bus Trav - KM
- 4210 Bus Trav - Accom
- 4215 Bus Trav - Air Trans
- 4220 Bus Trav - Gr Trans
- 4225 Bus Trav - Pub Trans
- 4230 Bus Trav - Other Exp
- 4251 Conf/Semin - KM
- 4252 Conf/Semin - Accom
- 4253 Conf/Semin - Air/Rail
- 4254 Conf/Semin - Grd Trans
- 4255 Conf/Semin - Other Exp
- 4256 Conf/Semin - Regist Fee
- 4310 Train/Dev - External
- 4340 Tuition Fees
- 4414 Advertising & Promotion
- 4415 Contr Srv - Janitorial
- 4416 Transfer, Haul & Storage
- 4424 Contr Srv - General
- 4452 Transportation - Taxis
- 4465 Contracted Services - Monitoring System
- 4472 Comp Hardware Main
- 4473 Managed Print Charges
- 4474 Comp Software Main
- 4510 Rental of Veh & Equip
- 4515 Rental of Office Eq
- 4530 Rental of Property
- 4555 Pager/Radio Rental
- 4590 Rental - Other
- 4699 Repair & Maint - Other
- 4755 Meal Allow (Non-Travel)
- 4760 Membership Fees
- 4770 Parking Expenses (Intown)
- 4775 Metrage - OP (Intown)
- 4805 Postage
- 4808 Network cabling
- 4810 Telephone
- 4811 Cellular Telephones
- 4812 Long Distance Phone Calls
- 4813 Internet
- 4815 Courier services
- 4820 Business Meeting Expenses
- 4822 Receptions & PR
- 4825 Print & Rep - 3rd party
- 4985 Cash Over / Under
- 4995 Other Expenses
- 4999 Miscellaneous
- 6031 Contribution Insurance Reserve Fund
- 6570 Bank Service Charges
- 7025 IDC - Postage & Courier
- 7030 IDC - Printing & Rep
- 7035 IDC - Copying
- 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 City Clerks' 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,



Appendix

In compliance with section 1.3 b. of the Quotation Request, the following are items set forth 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. The Ombudsman has confirmed the content of the list.

Description	Vendor name
• Legal services \$30,000	Amount Cavalluzzo, Hayes, Shilton
• Contract extension – research \$3,500	Ryerson University
• Investigative services \$4,550	Janet Ortved
• Legal services \$8,000	Dunsmore Wearing LLP
• Computer software \$1,880	ESRI Canada Ltd.
• Legal Services \$1,000	Cavalluzzo, Hayes, Shilton

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 OM.