



May 6, 2015

Toronto City Council  
c/o John Livey  
Acting City Manager, City of Toronto  
Toronto City Hall, 11<sup>th</sup> 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	4310 Train/Dev - External
3020 M&E Communications	4340 Tuition Fees
3030 M&E Office	4414 Advertising & Promotion
3032 M&E Photographic	4415 Contr Srv - Janitorial
3033 M&E Print & Bind	4416 Transfer, Haul & Storage
3050 M&E Kitchen	4424 Contr Srv - General
3099 General Equipment	4452 Transportation - Taxis
3310 Furnishings	4465 Contracted Services - Monitoring System
3410 Computers -hardware	4472 Comp Hardware Main
3420 Computers - Software	4473 Managed Print Charges
4010 Prof Srv - Legal	4474 Comp Software Main
4015 Prof Serv - Audit	4510 Rental of Veh & Equip
4038 Prof & Tech IT	4515 Rental of Office Eq
4050 Technical Services - Survey & Mapping	4530 Rental of Property
4078 Cons Svs Tech	4555 Pager/Radio Rental
4079 Cons Svs IT	4590 Rental - Other
4082 Photo/Video Systems	4699 Repair & Maint - Other
4086 Tech. Services Translations & Interpreters	4755 Meal Allow (Non-Travel)
4089 Cons Svs Mgmt/R&D	4760 Membership Fees
4091 Cons Svs Ext Lawyers	4770 Parking Expenses (Intown)
4093 Cons Svs Creative Communications	4775 Metrage - OP (Intown)
4110 Honoraria	4805 Postage
4118 Tickets	4808 Network cabling
4122 Transcripts	4810 Telephone
4130 Process Server Fees	4811 Cellular Telephones
4132 Conduct Money	4812 Long Distance Phone Calls
4144 Investigative Expenses	4813 Internet
4199 Other Prof/Tech Serv	4815 Courier services
4205 Bus Trav - KM	4820 Business Meeting Expenses
4210 Bus Trav - Accom	4822 Receptions & PR
4215 Bus Trav - Air Trans	4825 Print & Rep - 3rd party
4220 Bus Trav - Gr Trans	4985 Cash Over / Under
4225 Bus Trav - Pub Trans	4995 Other Expenses
4230 Bus Trav - Other Exp	4999 Miscellaneous
4251 Conf/Semin - KM	6031 Contribution Insurance Reserve Fund
4252 Conf/Semin - Accom	6570 Bank Service Charges
4253 Conf/Semin - Air/Rail	7025 IDC - Postage & Courier
4254 Conf/Semin - Grd Trans	7030 IDC - Printing & Rep
4255 Conf/Semin - Other Exp	7035 IDC - Copying
4256 Conf/Semin - Regist Fee	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.

<b>Description</b>	<b>Vendor name</b>
• Legal services \$30,000	<b>Amount</b> 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.