

Sent by electronic mail without enclosure

July 6, 2016

Private and Confidential

Paul Kahnert
44 Pilgrim Drive
Markham ON
L6C 1T9
pkahnert@rogers.com

Dear Mr. Kahnert:

**Re: Toronto Hydro Complaints
Fraud & Waste Hotline Program Complaint File # 2015-00070**

I am writing on behalf of Beverly Romeo-Beehler, Auditor General, City of Toronto.

We are writing in regard to our review of various issues raised by you, David Grant and Joe Pessoa at our meetings of February 18, 2015, and March 12, 2015. We confirm receipt of additional information that you, Mr. Grant and Mr. Pessoa provided.

The information provided included allegations of misconduct by various Toronto Hydro Corporation ("Toronto Hydro") personnel, issues of non-compliance and failure to implement recommendations in regards to maintenance and emergency prevention.

We assigned an internal complaint tracking number to this matter, #2015-00070. Please reference it in any future communications with our Office.

I confirm the Auditor General, personally took the time to meet with you on this matter and discuss it by telephone. While she advised we consider all aspects of the complaint and allegations made, she also explained we do not report back to complainants regarding how the Auditor General's Office will be proceeding including what aspects of a complaint will be investigated, audited or the status of a complaint or how it was resolved.

In the context of operating a Fraud and Waste Hotline Program and resolving complaints of wrongdoing received either through investigation or audit, there is a need to balance transparency and confidentiality. This is critical to protecting the privacy interests of the complainant, the public and employees.

Further, under section 177(2) of City of Toronto Act (COTA), the Auditor General is legislated to report to City Council, through Audit Committee. The Auditor General reports publically to Audit Committee on the activities of the Hotline Program and audits she intends to undertake, not to complainants. As well, section 181 of COTA outlines the Auditor General's duty to maintain confidentiality on all matters that come to her knowledge through the course of her duties, including Fraud and Waste Hotline complaints and any related action taken.

During your conversation with the Auditor General in January 2016, she advised that there was an upcoming audit committee and any new audits that she intended to undertake would be presented at that meeting. The Auditor General's intention to conduct an audit of Toronto Hydro was discussed in a public report entitled "Future Audit of Toronto Hydro" at: <http://www.toronto.ca/legdocs/mmis/2016/au/bgrd/backgroundfile-90753.pdf>

The Auditor General's Office spent a significant amount of time reviewing the complaints and engaging in discussions with you to fully understand the allegations made. While the Auditor General also personally advised you that the foregoing public report would be issued, we acknowledge it may have been more helpful for you to have received a formal letter from the Auditor General's Office, as a follow-up to verbal discussions. Please accept our sincerest apologies in this regard.

Yours very truly,



Carmelina Di Mondo, LL.B, CFE, CGAP
Assistant Auditor General, Forensic Unit

cdm/lgd