

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE July 15, 2010

SUBJECT NOTICE OF APPROVAL - APPOINTMENT OF EXTERNAL
AUDITOR

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Audit Committee receive the notice of approval of Chief General Manager Gary Webster, TTC Audit Committee Chair Bill Saundercook and TTC Audit Committee member Adam Giambrone authorizing:

- 1) The appointment of PricewaterhouseCoopers LLP (PWC) to perform the 2010 to 2014 financial year-end audits of the TTC; and
- 2) The award of a five-year contract in the amount of approximately \$600,000, for these services to the TTC and its related entities (Toronto Coach Terminal Inc., TTC Insurance Company Ltd., TTC Pension Fund Society and the TTC Sick Benefit Association).

FUNDING

Sufficient funds to cover the 2010 expenditures are included in the 2010 TTC Operating Budget. Future years' budgets will include adequate provision for these costs.

BACKGROUND

The contract with Ernst & Young LLP, the same auditors retained by the City of Toronto for the 2008 to 2009 financial year-end audits, expired with the completion of the December 31, 2009 year-end audit.

The City issued a Request for Proposal on November 3, 2009 for external audit services for the City and its Agencies, Boards and Commissions (including the TTC and its related entities). Five firms submitted proposals. The proposals were scored by an evaluation team, which included a representative from the TTC.

On February 12, 2010, the City's Audit Committee approved the appointment of PWC for the provision of external audit services for the City and its major Agencies, Boards and Commissions on the basis that the proponent had the highest overall evaluated score and the lowest cost.

TTC Audit Committee approval of the appointment of PWC was required in advance of this meeting to allow PWC the ability to meet with senior management and begin the audit transition and planning phases of the 2010 audit.

DISCUSSION

The fees for the TTC and its related entities for 2010-2014 are summarized in the attachment. The new fees are significantly lower than the fees paid in 2008 & 2009. For example, the 2010 fees of \$96,490 are approximately 39% lower than the 2009 fees of \$157,810.

In May and June 2010, the Boards of TTC's related entities (i.e. Toronto Coach Terminal Inc., TTC Insurance Company Ltd., TTC Pension Fund Society and TTC Sick Benefit Association) approved the appointment of PriceWaterhouseCoopers LLP.

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