

# TTC AUDIT COMMITTEE REPORT NO.

**MEETING DATE** April 30, 2012

**SUBJECT** PricewaterhouseCoopers LLP Audit Results Report on the Toronto Transit Commission Consolidated Financial Statements for the Year Ended December 31, 2011

## **ACTION ITEM**

## **REASON FOR CONFIDENTIAL INFORMATION**

This report contains information which is subject to solicitor-client privilege.

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## **RECOMMENDATION**

It is recommended that the Audit Committee:

- 1) receive the attached report from PricewaterhouseCoopers LLP ("PWC"), including the information noted in the confidential attachment, regarding the audit of the consolidated financial statements of the Toronto Transit Commission for the year ended December 31, 2011, for information; and
- 2) approve the forwarding of the attached report to a regular meeting of the Commission for information and then to City Council through the Audit Committee of the City of Toronto.
- 3) the contents of the Confidential Attachment remain confidential in their entirety as it contains advice which is subject to solicitor-client privilege.

## **BACKGROUND**

The mandate and responsibilities of the Audit Committee include a requirement to "...review with staff and the External Auditors the results of the audits, including any significant accounting and reporting issues, and the reasonableness of any significant estimates....".

## **DISCUSSION**

The consolidated financial statements of the Toronto Transit Commission for the year ended December 31, 2011 have been prepared by management. They have been audited by PWC, in accordance with the plan presented to the Audit Committee on January 23, 2012. The attached report from PWC provides comments on significant audit, accounting and financial

reporting matters which are summarized on pages 7 through 11.

A summary of unadjusted misstatements is shown on page 18 of the attached report. The summary of unadjusted misstatements is a normal component of an audit report. If the total of all differences is below the audit materiality level (\$20 million), the auditors do not require a change to the financial statements, which is the case for 2011. There is one item that was adjusted as a result of the audit. This item is discussed in the confidential attachment.

Pages 34 to 42 of the attached report contain the management letter on internal control recommendations. A management letter provides recommendations for the improvement of internal controls and accounting procedures. Staff welcome these suggestions as they strive to improve their procedures on a continuing basis. Management's initial response to these recommendations is included in the attachment. A follow-up report on these recommendations will also be presented to the Audit Committee, later this year.

Both staff and PWC would be pleased to answer any questions that you may have about the report and the audit in general.

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April 20, 2012

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Attachment: PWC LLP Year-end Report to the Audit Committee