

TTC INSURANCE COMPANY LIMITED AUDIT COMMITTEE REPORT NO.

MEETING DATE: JUNE 21, 2011

SUBJECT: APPOINTMENT OF EXTERNAL AUDITORS

ACTION ITEM

RECOMMENDATION

It is recommended that the Audit Committee:

1. Appoint PricewaterhouseCoopers LLP to perform the 2011 to 2014 financial year-end audits of TTC Insurance Company Limited and;
2. Forward this report to the Shareholders for approval.

FUNDING

Sufficient funds are available in the 2011 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 – 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 TTC and its related entities). Five firms submitted a proposal. The proposals were scored by an evaluation team, which included a representative from TTC.

DISCUSSION

Audit services are required to complete the annual financial audit pursuant to Section 102 of the Insurance Act (Ontario).

On February 10, 2010, the City's Audit Committee approved the appointment of PricewaterhouseCoopers LLP 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.

The fees for TTC Insurance Company Limited are summarized in the table below.

	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
TTCICL	11,750	11,750	12,610	13,470	14,410
HST	1,528	1,528	1,639	1,751	1,873
Total	13,278	13,278	14,249	15,221	16,283

The new fees are substantially lower than the fees paid in 2008 and 2009 as illustrated below. The 2010 fees are 39% lower than the 2009 fees.

	<i>2009</i>	<i>2010</i>	<i>Change</i>
TTCICL	19,200	11,750	(7,450)
GST/HST	960	1,528	568
Total	20,160	13,278	(6,882)

JUSTIFICATION

This report will be forwarded to the Shareholders for approval.

42.2
Attachment