

**TTC INSURANCE COMPANY LIMITED  
AUDIT COMMITTEE  
REPORT NO.**

**MEETING DATE:** June 21, 2012

**SUBJECT:** PRICEWATERHOUSECOOPERS AUDIT RESULTS - 2011

**INFORMATION ITEM**

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**RECOMMENDATION**

It is recommended that the Audit Committee receive the attached letter from PricewaterhouseCoopers expressing its opinion on the 2011 financial statements, noting that no issues of concern have been identified.

**BACKGROUND**

Each year the external auditors provide a summary of their findings in letter format.

**DISCUSSION**

The PricewaterhouseCoopers audit for financial year 2011 enables the TTC Insurance Company Limited to meet the statutory reporting requirements to the Financial Services Commission of Ontario.

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42.35  
Attachment



February 22, 2012

Mr. Vincent Rodo  
President  
TTC Insurance Company Limited  
Toronto Transit Commission  
1900 Yonge Street  
Toronto, ON  
M4S 1Z2

Dear Mr. Rodo:

**Reporting letter on results of audit examination for the year ended December 31, 2011**

We are pleased to provide this report following the completion of our audit examination of the financial statements and the financial statements included in the Annual Return P&C-1 (collectively the financial statements) of TTC Insurance Company Limited (TTCIC) for the year ended December 31, 2011.

As auditor, we are expected by Canadian Auditing Standards on "Communication with Those Charged with Governance" to communicate with you on a timely basis on the auditor's responsibilities and any significant matters which came to our attention affecting the financial statements of TTCIC. We set out below a summary of our comments on the various matters to be addressed in this regard.

**The Auditor's Responsibility under Canadian Accepted Auditing Standards**

The preparation of the financial statements and the accompanying notes are the responsibility of management. Our primary responsibility is to express an opinion on the financial statements based on our audit. In addition, we also advise and assist management in all matters relating to the external audit process and financial statement presentation.

Our audit was performed to obtain reasonable, but not absolute, assurance as to whether the financial statements were free of material misstatement. Our audit included:

- assessing the risk that the financial statements may contain material misstatements;
- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and their application; and
- assessing any significant estimates made by management.

Our audit was conducted in accordance with Canadian generally accepted auditing standards.

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*PricewaterhouseCoopers LLP, Chartered Accountants  
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\*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Mr. Vincent Rodio  
TTC Insurance Company Limited  
February 22, 2012

#### **Audit Approach**

Our audit approach consisted of a mixture of key controls reliance and substantive tests of detail. As such, procedures related to TTC's internal control systems were directed to those which were necessary to achieve an understanding of the internal control environment including an assessment of the design and effectiveness of those internal controls, solely for the purpose of our audit of the financial statements.

#### **Significant Accounting Principles and Policies**

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. The accounting principles adopted by TTC are described in the notes to the financial statements. TTC adopted Canadian Public Sector Accounting Standards, in the current financial year, however there was no significant change in the application of accounting principles and policies applied. For statutory reporting, the Company would have had to adopt IFRS. Nevertheless the Company applied and obtained an exemption from the Financial Services Commission of Ontario (FSCO), to report under Canadian Public Sector Accounting Standards.

We have evaluated the quality of accounting policies applied to the financial reporting of the entity. As part of this evaluation, we consider TTC's accounting policies for acceptability, consistency, clarity and completeness. We have reviewed the accounting principles and policies disclosed in the notes to the financial statements and consider them reasonable. We have no specific matters to report in this regard.

We have noted no significant application of management judgment and estimation other than valuation of unpaid accident claims. We consider that management has exercised reasonable care in developing its accounting estimates.

#### **Audit Adjustments**

As a result of our audit examination, minor disclosure modifications were made in the notes to the financial statements.

#### **Adjusted misstatements**

There were no adjusted misstatements above our de minimis of \$144,750 identified during completion of our audit engagement.

#### **Unadjusted misstatements**

There were no unadjusted misstatements above our de minimis of \$144,750 identified during completion of our audit engagement.



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