

TTC INSURANCE COMPANY LIMITED REPORT NO.

MEETING DATE: June, 21, 2012

SUBJECT: APPOINTMENT OF EXTERNAL AUDITOR FOR 2012

ACTION ITEM

RECOMMENDATION

It is recommended that the Shareholders of TTC Insurance Company Limited appoint PricewaterhouseCoopers LLP, for the 2012 – 2014 fiscal years.

FUNDING

Sufficient funds are available in the 2012 TTC operating budget. Future years' budgets will include adequate provisions 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.

At today's TTCICL Audit Committee meeting, the Committee will have before it a report recommending the appointment of PricewaterhouseCoopers LLP. Approval by the Shareholders is required.

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 appointment requires the approval of the Shareholders.

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