

# TORONTO COACH TERMINAL INC. REPORT NO.

**MEETING DATE:** December 19, 2013

**SUBJECT:** PricewaterhouseCoopers LLP 2012 Management Letter – Follow-up Report

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Board:

- 1) Receive the attached follow-up report on the PricewaterhouseCoopers LLP (“PWC”), management letter, for information; and
- 2) Approve the forwarding of TCTI’s response to PWC’s management letter in a combined report to the TTC Board and the Audit Committee of the City of Toronto.

### **BACKGROUND**

The PWC audit results report presented at the April 25, 2013 TCTI Audit Committee meeting included one internal control recommendation. Management’s initial response to this recommendation was included in the April 25<sup>th</sup> report. PWC’s recommendation and the initial management response are reproduced in the attached followed by a status update detailing the action staff has taken to address the recommendation. This report was received by the TCTI Audit Committee at its meeting of December 19, 2013.

Based on the City of Toronto Audit Committee July 2004 report, the TCTI is required to provide an update of outstanding issues raised in the management letter within six months after the issuance of the management letter. This internal control recommendation will be combined with TTC’s internal control recommendations into one Management Letter – Follow-up report to the TTC Board and City of Toronto Audit Committee.

### **DISCUSSION**

The internal control recommendation has since been addressed, as detailed in the attached.

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November 18, 2013

42-48

Attachment: PWC LLP 2012 Management Letter with December 2013 Update

## **PricewaterhouseCoopers LLP 2012 Management Letter with December 2013 Update**

### **Toronto Coach Terminal Inc. (TCTI)**

#### **1. Lack of segregation of duties and inappropriate approval in processing manual journal entries**

##### **Observation**

In our testing manual journal entries in the current year we noted two circumstances where journal entries, drafted by managers and supervisors, were being reviewed by subordinates to those who drafted the entries.

##### **Implications**

Inadequate review and approval of manual journal entries may lead to a risk that unauthorized journal entries are made without detection

##### **Recommendation**

PwC recommends that all manual journal entries be independently reviewed in accordance with the TTC's approval matrix before being posted to the general ledger.

##### **Management Response**

We agree. The current policy will be reviewed, updated and communicated as required, by mid-year.

##### **December 2013 Update**

The policy for the preparation and approval of manual journal entries was updated, reviewed, and approved by PwC and communicated to staff in early July.

##### **Status**

Complete