

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: October 25, 2006

SUBJECT: 2005 AUDIT MANAGEMENT LETTER – FOLLOW-UP REPORT

RECOMMENDATION

It is recommended that the Commission:

1. receive the attached follow-up report on the 2005 auditor's management letter, for information, and
2. approve forwarding a copy of the follow-up report on the 2005 auditor's management letter to the Audit Committee of the City of Toronto, for information.

BACKGROUND

The review of the management letter from the external auditors is usually a three-stage process. First, the letter is tabled, without waiting for management responses, in order to ensure that all issues are brought to the attention of the Commission as quickly as possible after the completion of the audit. Second, the letter is resubmitted, as soon as practical thereafter, with management responses, as a record of the commitment by staff to act upon the recommendations. Third, a follow-up status report is issued, usually before the end of the calendar year. At each stage, the letter and cover report are reviewed by the Audit Committee, prior to presentation to the Commission.

For the 2005 management letter, because there was only one item presented, the first and second stages were combined, on May 17, 2006. On October 12, 2006, the Chair of the TTC Audit Committee approved the forwarding of this third stage follow-up report to the Commission.

The July 2004 Report 4, Clause 2, Recommendation 3 from the Audit Committee of the City of Toronto now requires the Commission to provide an update of outstanding issues raised in the management letter, **within six months** after the issuance of the management letter.

DISCUSSION

Receipt of the follow-up report by the Commission on this date and approval to forward a copy of the report to the City Audit Committee forthwith will facilitate Commission compliance with the City Audit Committee requirement.

The third stage follow-up report is therefore now presented, for your information. For the recommendation and management response, an indication is given of the department head responsible for the implementation of that recommendation, the current status of that implementation, and the date by which the recommendation is expected to be fully implemented. We shall continue to monitor the progress of the recommendation. It will also be subject to review by the auditors, Ernst & Young, as they undertake their audit of the 2006 financial statements.

16-Jan-07
42-47
Attachment: Follow-up Report