

TORONTO TRANSIT COMMISSION

TO Audit Committee

FROM Gary Webster

MEETING DATE September 13, 2007

SUBJECT 2006 Audit Management Letter – Follow-up Report

RECOMMENDATION

It is recommended that the Audit Committee approve forwarding a copy of the follow-up report on the 2006 auditor's management letter to the Audit Committee of the City of Toronto, for information.

BACKGROUND

The review of the management letter from the 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 Committee 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 to act upon the recommendations. Third, a follow-up status report is issued, usually before the end of the calendar year.

For the 2006 management letter, because there was only one item presented, the first and second stages were combined, on April 30, 2007.

In addition, 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

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 the subject of review by the auditors, Ernst & Young, as they undertake their audit of the 2007 financial statements.

Your approval to forward a copy of the report to the City Audit Committee forthwith will facilitate Commission compliance with the City Audit Committee requirement to provide an update of outstanding issues raised in the management letter, **within six months** after the issuance of the

management letter.

Chief General Manager

06Followup Aud Com memo

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Attachment: 2006 Management Letter – Follow-up Report