

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: May 28, 2009

SUBJECT: Audit Results – Year Ended December 31, 2008

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Commission:

- 1) receive the attached report from Ernst & Young regarding the audit results of the consolidated financial statements of the Toronto Transit Commission for the year ended December 31, 2008; and
- 2) forward a copy of the attached report to the Audit Committee of the City of Toronto, for information.

BACKGROUND

At the Audit Committee meeting on April 20, 2009, a review was undertaken of the attached report from the external auditors, regarding the audit of the consolidated financial statements of the Toronto Transit Commission for the year ended December 31, 2008.

DISCUSSION

The consolidated financial statements of the Toronto Transit Commission for the year ended December 31, 2008 have been prepared by management. They have been audited by Ernst & Young ("E&Y"), in accordance with the plan presented to the Audit Committee on January 22, 2009. The attached report from E&Y outlines the scope of their audit and provides some comments on significant accounting and disclosure matters encountered during the course of the audit. Some of these are indicated in the "Items of Audit Significance Discussed with Management" on pages 1 through 4.

It is also important to remember that a 'Summary of Audit Differences', as shown on page 5 of the attached report, is a normal component of an audit report. Besides identifying any accounting issues found during the audit, the auditors also note any differences of opinion on judgemental issues. However, if the total of all differences is below the audit materiality level, the auditors do not require a change to the financial statements and any items are corrected in the subsequent year. The only differences noted by the auditors related to the correction of prior year differences.

The Auditors' Report provides an opinion that the consolidated financial statements present fairly the financial position of the Commission, in accordance with generally accepted accounting principles. A management letter provides recommendations for the improvement of internal controls and accounting procedures. Staff welcome these suggestions as they strive to improve their procedures on a continuing basis. This year, E&Y is not presenting a management letter.

3-Sep-09

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Attachment: Audit Results – Year Ended December 31, 2008 from E&Y