



**AUDITOR GENERAL'S
REPORT
INFORMATION ONLY**

**Process to Obtain External Audit Services – 2015 to
2019 Inclusive**

Date:	June 12, 2014
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The purpose of this report is to advise the Audit Committee on the process being undertaken to obtain external audit services for the City and its major agencies and corporations listed in Attachment 1 for the years 2015 to 2019 inclusive

Financial Impact

The total annual audit fees for the City and its major agencies and corporations for the years 2010 to 2014 inclusive are shown in the table below.

2010	2011	2012	2013	2014	TOTAL
\$ 763,200	\$ 763,200	\$ 819,168	\$ 875,136	\$ 936,192	\$ 4,156,896

A detailed fee schedule for each entity was included in the report to Audit Committee (January 25, 2010). These fees will likely change with the issue of a new contract.

<http://www.toronto.ca/legdocs/mmis/2010/cc/bgrd/backgroundfile-36951.pdf>

These fees do not include any additional audit or accounting services the external auditor has performed because such services would have been engaged directly by the City division, agency, or corporation.

DECISION HISTORY

In a report dated January 25, 2010, the Auditor General recommended that authority be granted to enter into an agreement in the amount of \$4,156,896 (including HST) to PricewaterhouseCoopers LLP having submitted the highest scoring proposal meeting the requirements of the RFP. The five-year contract for external audit services of the City and its major agencies and corporations as listed in Attachment 1 expires with the completion of the audits of the 2014 financial statements. The various agencies, corporations and programs under this contract are responsible for the payment of their own audit fees.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.AU15.3>

The financial statement audits for City Arenas, Community Centres and Miscellaneous Entities are awarded through a separate process. Welch LLP is the external financial statement auditor of the City Arenas, Community Centres and Miscellaneous Entities for the years 2013 to 2017 inclusive.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.AU9.6>

ISSUE BACKGROUND

Under Section 139 of the City of Toronto Act, 2006, the City is required to appoint an auditor licensed under the Public Accounting Act 2004, who is responsible for annually auditing the accounts and transactions of the City and its local boards and expressing an opinion on the financial statements of these bodies based on the audit. The Act provides that the City's auditor shall not be appointed for a term exceeding five years. In addition, the Act requires that the auditor shall not be a City employee or an employee of a local board of the City. In creating the Auditor General's Office, City Council assigned the Auditor General the responsibility for managing the external audit contracts.

COMMENTS

It is the intent of the Auditor General's Office, to issue a Request for Proposal to select one auditor licensed under the Public Accounting Act, 2004 to perform the financial statement audits for the City and its major agencies and corporations as identified in Attachment 1 for the years 2015 to 2019 inclusive. The result of the Request for Proposal is expected to be reported to the first meeting of Audit Committee of 2015.

CONTACT

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SIGNATURE

Jeff Griffiths, Auditor General

99-AGO-01

ATTACHMENTS

Attachment 1 – Listing of Entities Expected to be Included in the RFP

Listing of Entities Expected to be Included in the RFP

City of Toronto

1. City of Toronto
2. City of Toronto Trust Funds
3. City of Toronto Sinking Funds
4. City of Toronto (*various reports on Compliance with policy / agreements*)
5. Long-Term Care Homes and Services – Residents’ Interest Trust Fund
6. Long-Term Care Homes (*various reports*)
7. The Toronto Track and Field Centre – Statement of Operating Costs

(Ontario Business Corporation Act) OBCA Corporations

8. Toronto Community Housing Corporation
9. Toronto Port Lands Company*
10. Build Toronto*
11. Invest Toronto*

Local Boards

12. Toronto Parking Authority (*multiple audit reports*)
13. Toronto Police Services Board Special Fund
14. Board of Health / Toronto Public Health (*various reports required for programs*)
15. Toronto Public Library (*multiple audit reports*)
16. Exhibition Place (*multiple audit reports*)
17. The Sony Centre for the Performing Arts
18. St. Lawrence Centre for the Arts
19. Toronto Centre for the Arts
20. Toronto Zoo

Transit

21. Toronto Transit Commission (*multiple audit reports*)

Financial Trusts – Pension Bodies

22. The Pension Fund of the Corporation of the City of York Employee Pension Plan
23. The Fund of the Metropolitan Toronto Pension Plan
24. The Fund of the Metropolitan Toronto Police Benefit Fund
25. The Fund of the Toronto Civic Employees' Pension and Benefit Fund
26. The Fund of the Toronto Fire Department Superannuation and Benefit Fund
27. Toronto Transit Commission Pension Fund Society
28. Toronto Transit Commission Sick Benefit Association

* The external audit services included in the previous RFP was for a single entity, Toronto Economic Development Corporation.