



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED
with Confidential Attachment**

**Response to Audit Committee's Request for Information
Related to Item AU3.2f Toronto Parking Authority – 2014
Financial Statements**

Date:	October 7, 2015
To:	Audit Committee
From:	Auditor General
Wards:	All
Reason for Confidential Information:	This report is about labour relations or employee negotiations.
Reference Number:	

SUMMARY

This report provides additional information related to the under contribution of Toronto Parking Authority (TPA) employee pension contributions, as requested by Audit Committee at its meeting on June 26, 2015.

RECOMMENDATION

The Auditor General recommends that:

1. City Council request the City Treasurer to confirm that all City agencies and corporations understand the OMERS rules for determining contributory earnings and to confirm taxable benefits have been correctly included in contributory earnings, where applicable.
2. City Council authorize the public release of confidential Attachment 1 upon advice of the Auditor General.

Financial Impact

The financial impact from the recommendation in this report is not determinable at this time.

DECISION HISTORY

At its meeting on June 26, 2015, the Audit Committee recommended City Council receive for information, the 2014 Financial Statements and related documents for the Toronto Parking Authority.

At the same time, the Audit Committee:

“Requested the Auditor General, in consultation with Toronto Parking Authority officials, to report to the next meeting of the Audit Committee on October 23, 2015, on the details related to the under contribution of Toronto Parking Authority employee pension contributions.”

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU3.2>

ISSUE BACKGROUND

In their 2014 Year-end Report to the Board of Directors of the Toronto Parking Authority, PriceWaterhouseCoopers LLP advised that:

“During the current year, management identified that the TPA has been incorrectly calculating their employee’s contributory earnings and as a result, have under contributed to their pension plan since this time. This issue dates back to 2002, when the definition of contributory earnings was changed by OMERS to include certain taxable benefits which were previously excluded from the definition.

Management has estimated the maximum potential under contribution of pension payments to be \$1,234,000. This reflects both the employer and employee contributions for all active, retired and terminated employees, plus related accrued interest. The ultimate exposure to the TPA is dependent on recoverability efforts among these employees and is not determinable at this time. This has not been adjusted for in the financial statements and has been reported as an unadjusted item in Appendix A.

We have obtained management’s calculations and are in the process of completing our audit procedures in this area. We will provide an update on the status of our work during the upcoming meeting“

<http://www.toronto.ca/legdocs/mmis/2015/au/bgrd/backgroundfile-81796.pdf>

COMMENTS

When management first identified the issue and brought the matter to the attention of TPA's external financial statement auditors, management prepared a preliminary estimate of the total under contribution of pension payments. This estimate of \$1,234,000 was reported by PriceWaterhouseCoopers in their 2014 Year-end Report to the Board of Directors of the Toronto Parking Authority.

Management is in the process of finalizing their estimate. Management's actions to date in response to this issue are summarized in Confidential Attachment 1.

CONTACT

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SIGNATURE

Beverly Romeo-Beehler, Auditor General

ATTACHMENT

Attachment 1 – Confidential Information:
Response to Audit Committee's Request for Information Related to Item AU3.2f
Toronto Parking Authority – 2014 Financial Statements