

## **Process to Obtain External Audit Services for 2020-2024 Inclusive**

**Date:** June 13, 2019  
**To:** Audit Committee  
**From:** Auditor General  
**Wards:** All

### **SUMMARY**

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The purpose of this report is to advise the Audit Committee on the process to obtain external audits of the annual financial statements for the City and certain of its agencies and corporations. The existing contract for external audit services expires with the completion of the financial statement audits for the year ending December 31, 2019.

### **FINANCIAL IMPACT**

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There is no financial impact resulting from receipt of this report.

### **DECISION HISTORY**

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In 2015, City Council authorized the Auditor General to enter into an agreement in the amount of \$3,816,000 net of HST recoveries with PricewaterhouseCoopers LLP being the highest ranked proponent meeting the requirements of the Request for Proposal (RFP) to perform the annual financial statement audits for the years ending December 31, 2015 to 2019 inclusive for the City of Toronto and certain of its agencies and corporations, as well as other attest audits of financial information.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU1.20>

### **COMMENTS**

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Under Chapter 27 of the *Toronto Municipal Code*, one of the responsibilities of the Audit Committee includes recommending the appointment of the City's external auditor.

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 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.

The current five-year contract for external audit services with PricewaterhouseCoopers LLP for the City and certain of its agencies and corporations expires with the completion of the 2019 financial statement audits.

The Auditor General's Office intends to issue a Request for Proposal to select one auditor licensed under the Public Accounting Act, 2004 to perform the annual financial statement audits for the City and certain of its agencies and corporations for the years ending December 31, 2020 to 2024 inclusive. We will confirm the audit requirements to be included in the contract prior to issuing the RFP. The audit requirements are expected to be generally consistent with Attachment 1.

The fees will likely change with the issue of a new contract.

The result of the Request for Proposal will be reported to the first Audit Committee of 2020.

## **CONTACT**

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## **SIGNATURE**

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Beverly Romeo-Beehler  
Auditor General

## **ATTACHMENTS**

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

## **Attachment 1 - Listing of Entities Expected to be Included in the RFP\***

### **City of Toronto**

1. Consolidated Financial Statements of the City of Toronto
2. Consolidated Financial Statements of the City of Toronto Trust Funds
3. City of Toronto Sinking Funds
4. City of Toronto – Report on Compliance with the City of Toronto’s Investment Policy
5. City of Toronto – Financial Statement of the Annual Expenditures Report of the Federal Gas Tax Fund (GTF)
6. Long-Term Care Homes – *Various Annual Reconciliation Reports*
7. Audit of the Federally-Funded Homelessness Partnering Strategy (HPS)

### **OBCA Corporations (Ontario Business Corporation Act)**

8. Consolidated Financial Statements of Toronto Community Housing Corporation (TCHC), and various audits, reviews, compilations of subsidiaries and other interests
9. Financial Statements of Build Toronto Inc.
10. Financial Statements of City of Toronto Economic Development Corporation – Toronto Port Lands Company

### **Agencies**

11. Toronto Parking Authority
  - a. Financial Statements of Toronto Parking Authority
  - b. Toronto Parking Authority Carpark No. 161 – St. Clair-Yonge Garage – Statement of Operations
12. Toronto Police Services Board Special Fund – *Section 9110 Report on Agreed Upon Procedures Regarding Internal Control Over Financial Reporting*
13. Toronto Public Health – *Various audits of financial information as required by the Ministry of Health and Long Term Care or Ministry of Children and Youth Services in connection with various Settlements of Toronto Public Health programs*
14. Toronto Public Library Board
  - a. Financial Statements of Toronto Public Library Board
  - b. Toronto Public Library Board – Literacy Basic Skills Program Statement of Revenue and Expenditures
15. Financial Statements of Toronto Public Library Foundation
16. Board of Governors of Exhibition Place
  - a. Consolidated Financial Statements of the Board of Governors of Exhibition Place
  - b. Ricoh Coliseum – Special Audit of Schedule of Expenditures
17. Financial Statement of the Board of Directors of the Hummingbird Centre for the Performing Arts (operating as TOLive)
18. Financial Statements of the Board of Management of the Toronto Zoo
19. Financial Statements of CreateTO

### **Transit**

20. Consolidated Financial Statements of Toronto Transit Commission
21. Financial Statements of TTC Insurance Company Limited

**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. Financial Statements of Toronto Transit Commission Pension Fund Society
28. Financial Statements of Toronto Transit Commission Sick Benefit Association

*\* Additional program audits / funding agreements may be included in this RFP.*