

To: Toronto Public Library Board – May 12, 2003

From: City Librarian

Subject: **Audit Results – Year Ended December 31, 2002 – Toronto Public Library Board**

Purpose:

This report summarizes the issues of audit significance discussed by Ernst & Young with management of the Library and provides the communications required by Ernst & Young's professional standards.

Funding Implications and Impact Statement:

Not applicable.

Recommendation:

It is recommended that the Ernst & Young's Audit Results for the Toronto Public Library Board be received for information.

Comments:

Attached is Ernst & Young's Audit Results for the Library which includes the Required Communications, Items of Audit Significance Discussed with Management of the Library, a Summary of Audit Differences, a Letter of Recommendations and an Independence Letter.

Contained within the Items of Audit Significance Discussed with Management of the Library (page 6) and the Summary of Audit Differences (page 7), is a discussion of a \$180,000 accrual made in the 2002 financial statements for a rebate resulting from the freeze in hydro rates imposed by the Provincial Government in 2002. At this time, it is not clear whether the Library will, in fact, be eligible for the rebate, and so this is treated as a potential "judgmental difference". The amount is not considered material for audit purposes.

City Finance is aware of the rebate situation, and if the hydro rebate is not available to the Library, the amount is expected to be funded from a hydro reserve maintained by the City.

A representative from Ernst & Young will be in attendance at the April 7, 2003 Board Meeting to respond to questions.

Contact:

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City Librarian

Attachment 1: Toronto Public Library Board - Audit Results – Year Ended December 31, 2002