



STAFF REPORT INFORMATION ONLY

16.

Audit Results Revised – Year Ended December 31, 2008

Date:	September 21, 2009
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

As part of their audit function, the external auditors, Ernst & Young, are required to produce an Audit Results report. The *Audit Results – Year Ended December 31, 2008* report was provided to the Board for information at its meeting on June 15, 2009. Subsequent to the Board meeting, Ernst & Young discovered an unadjusted item which they have included in their revised 2008 Audit Results. The unadjusted item is not material and does not impact the audited 2008 financial statements. This report presents Ernst & Young's revisions to the 2008 audit results.

FINANCIAL IMPACT

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

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

ISSUE BACKGROUND

As part of the annual audit, Ernst & Young is required to provide an Audit Results report to the Toronto Public Library Board upon completion of the audit. Ernst & Young's 2008 Audit Results report included Items of Audit Significance Discussed with Management, Summary of Audit Differences, Required Communications and an Independence Letter. At the meeting on June 15, 2009, the Board received Ernst & Young's *Audit Results – Year Ended December 31, 2008* report for information (<http://www.torontopubliclibrary.ca/pdfs/board/09jun15/18.pdf>).

As noted in the 2008 Audit Results report, the City of Toronto identified an error in the Mercer report for the actuarial valuation of sick leave liabilities, which resulted in a restatement of the employee future benefits payable for 2007 in the Library's financial statements.

Subsequent to the June 15, 2009 Board meeting, Ernst & Young discovered an unadjusted item, also related to the Mercer report, and have revised their 2008 audit results report.

COMMENTS

The unadjusted item reflects a \$2.4 million understatement of the employee benefits liability and a corresponding understatement in the amounts to be recovered from the City; these are misclassifications within the Statement of Financial Position. The misstatements results in an over-accrual in sick leave benefit costs of \$220,000 in 2008 and 2007, as highlighted on the Attachment 1, the revised Summary of Audit Differences extracted from Ernst & Young's revised 2008 audit results report. For reference, the previous Summary of Audit Differences from Ernst & Young's 2008 audit results report is shown on Attachment 2.

The total of the unadjusted items on the revised Summary of Audit Difference remains not material and no adjustment is required to the audited 2008 financial statements. Further, there is no impact on the Library's budget and related expenditures.

A representatives from Ernst & Young will be in attendance at the September 21, 2009 Board meeting to respond to questions.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946; Fax: 416-393-7115; Email: lhughsam@torontopubliclibrary.ca

SIGNATURE

Jane Pyper
City Librarian

ATTACHMENTS

- Attachment 1: Toronto Public Library Board – Audit Results **Revised** – Year Ended December 31, 2008 – Summary of Audit Differences
- Attachment 2: Toronto Public Library Board – Audit Results – Year Ended December 31, 2008 – Summary of Audit Differences