

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: November 18, 2009

SUBJECT: INTERNAL AUDIT REPORT (JULY – SEPTEMBER 2009)

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Audit Committee receive for information the attached Internal Audit Report covering the period July – September 2009.

BACKGROUND

Internal Audit provides the Toronto Transit Commission (TTC) with independent evaluations of the efficiency and effectiveness of control systems, and operations. Internal Audit is also required to provide recommendations for improvement.

DISCUSSION

The report discusses recent Internal Audit activities. The actual reports for completed audits, including Management responses, are presented as individual agenda items.

On a semi-annual basis outstanding recommendations are reviewed with the appropriate management representative. All actions taken to implement a recommendation are verified through standard audit procedures. The next summary (Audit Follow-up Report) will be prepared and submitted at the first quarter 2010 Audit Committee Meeting.

November 18, 2009

01-23

Attachments - Internal Audit Report

INTERNAL AUDIT REPORT

Covering Period:

JULY – SEPTEMBER 2009

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TABLE OF CONTENTS

	Page No.
FOREWORD	1
SCOPE OF ACTIVITY	1
AUDIT RESOURCES	2
STATUS OF COMPREHENSIVE AUDITS.....	3
STATUS OF CAPITAL AUDITS	4

FOREWORD

The Internal Audit Department provides the Toronto Transit Commission (TTC) with independent evaluations of risk, and assessments on the effectiveness of control systems, quality of performance, and efficiency of operations.

SCOPE OF ACTIVITY

Audits are planned based on the application of risk factors such as: assets at risk, prior audit results, formality and compliance, handling of cash, impact on operations, information system indicators including the complexity of computerization involved, and the systems' contribution to decision-making. The results are documented in the Audit Plan which is approved annually by the Audit Committee.

The Internal Audit Department carries out the following activities in accordance with its mandate:

- Comprehensive Audits – to assess control systems and the achievement of value-for-money in operational areas.
- Capital Audits – to review project expenditures to verify the accuracy of amounts claimed for work completed.
- Special Requests – to address areas of immediate concern or exposure as identified by Management's request.
- System Development Reviews – to provide input to system development and other technology projects.
- Assist External Auditor – in support of the annual audit of the Financial Statements of the TTC.

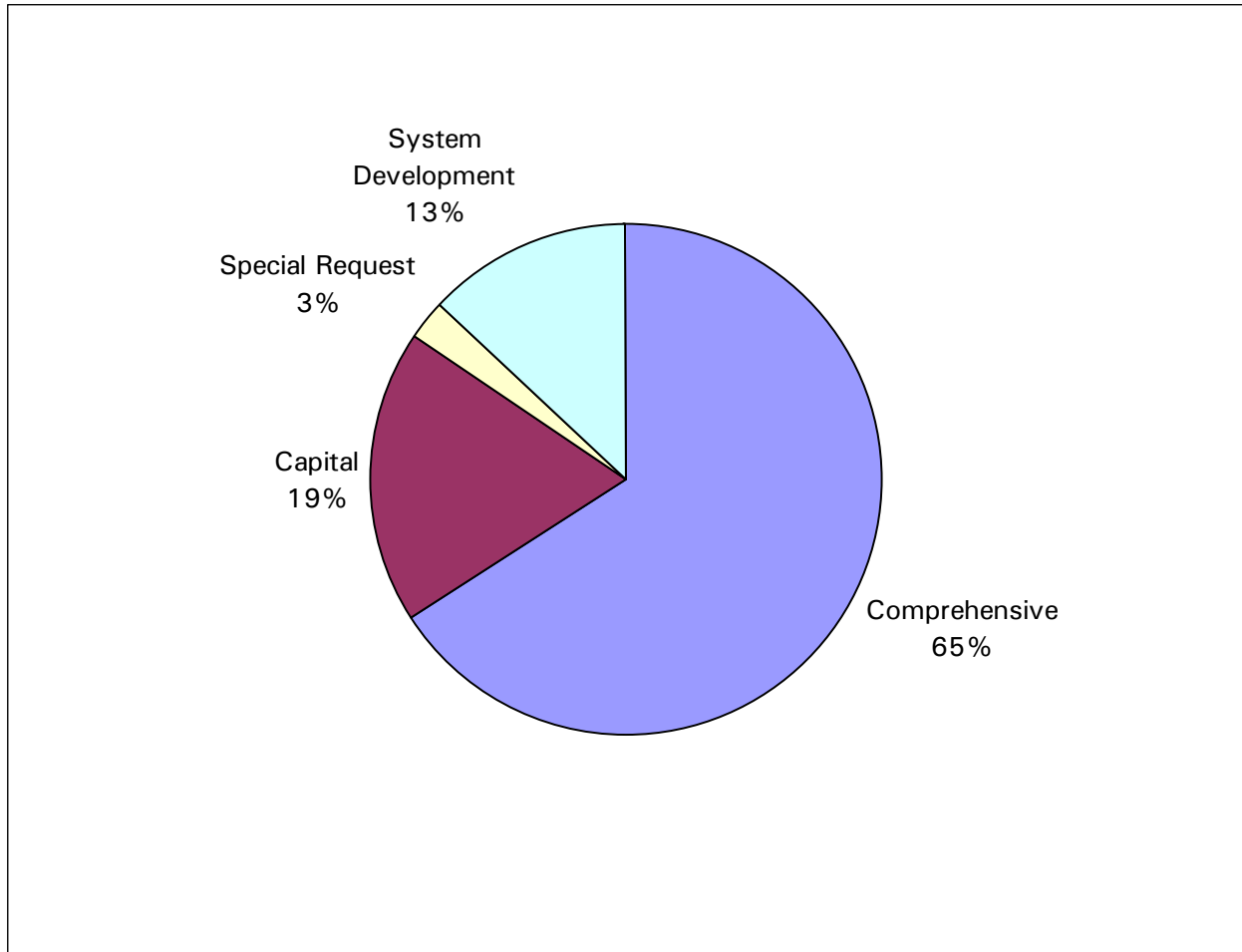
This report covers the main audit activities from July – September 2009.

In this period, the following audits were completed and are included as Audit Committee Agenda Items:

- | | |
|------------------------|--|
| Comprehensive: | <ul style="list-style-type: none">• Support Services• Safety – Quality Assurance & Engineering/Field Operations/System Safety Reporting |
| Capital Audits: | <ul style="list-style-type: none">• System Security / Safety Upgrades |

AUDIT RESOURCES

The distribution of audit resources for the current reporting period (July – September 2009) is portrayed in the chart below:



STATUS OF COMPREHENSIVE AUDITS

	PLANNED	IN PROGRESS	COMPLETED
<i>2008 AUDIT PLAN</i>			
Human Resources – Occupational Health & Claims Management	√	√	
Human Resources – Employee Relations/Compensation and Benefits (Carry-Forward to 2009)	√	√	
Support Services (Carry-Forward to 2009)	√		√
Bus Transportation Department (Carry-Forward to 2009)	√	√	
Pension Fund Society (Carry-Forward to 2009)	√	√	
Safety Department – Quality Assurance & Engineering/Field Operations/System Safety Reporting	√		√
<i>2009 AUDIT PLAN</i>			
Employment Services/Administration Planning & Development	√		
Human Rights Unit	√	√	
Station/Tunnel/Building Equipment/Plant Maintenance Engineering	√		
Harvey Shop	√		
YUS/BD/Subway Divisions	√	√	
Station Operations/Collectors	√		
S/E/C Department – Signals	√	√	
Duncan Shop/Fleet Management	√		
Treasury Services	√	√	
Project Management/Quality Assurance	√	√	
Graphic Services	√		
Property Development	√	√	
Revenue Operations	√		

STATUS OF CAPITAL AUDITS

CONSTRUCTION/CONSULTANT ASSIGNMENTS	PLANNED	IN PROGRESS	COMPLETED
<i>2008 AUDIT PLAN</i>			
Subway Asbestos Removal (Carry-Forward to 2009)	√		
Victoria Park Terminal Replacement	√	√	
System Security Safety Upgrades	√		√
Queensway Bus Garages Renovations (Carry-Forward to 2009)	√	√	
20-Year SRT Overhaul (Carry-Forward to 2009)	√	√	
<i>2009 AUDIT PLAN</i>			
Mount Dennis Bus Garage	√	√	
Roofing Rehabilitation	√	√	
On-Grade Paving Rehabilitation Program	√	√	
Bus Rapid Transit (Spadina to York University)	√	√	
Kipling Station Improvements	√	√	
Wilson Complex Modifications	√	√	
Masonry Structure Restoration	√	√	
Sheppard East LRT (Transit City)	√		
Toronto-York Spadina – Management Design & Engineering	√	√	
Toronto-York Spadina - Construction	√	√	