

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: November 18, 2009

SUBJECT: INTERNAL AUDIT REPORT – SAFETY DEPARTMENT –
QUALITY ASSURANCE & ENGINEERING/FIELD
OPERATIONS/SYSTEM SAFETY REPORTING

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Audit Committee receive for information the attached Internal Audit Report.

BACKGROUND

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

Richard G. Beecroft
Chief Auditor

November 18, 2009
01-23

Attachment – Internal Audit Report

EXECUTIVE BRANCH

SAFETY DEPARTMENT
Quality Assurance & Engineering
Field Operations
System Safety Reporting

Covering Period
January 2007 to July 2008

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EXECUTIVE SUMMARY

This audit assessed the key management and operational controls of the Quality Assurance & Engineering, Field Operations and System Safety Reporting sections of the Safety Department. An Exit Meeting was held on December 4, 2008 to discuss the findings.

The audit disclosed the following control deficiencies that may affect the Department's ISO recertification: the Department's Quality Manual was found inaccurate, inconsistent and out of date; the criteria for the achievement of the Department's quality objectives focused more on the timeliness and number of services delivered rather than the quality aspect; no consistent process is in place for obtaining customer feedback on delivered services; and responses to ISO audit findings were not provided in a timely manner.

In addition, the process for distributing safety awards was found deficient in ensuring that all eligible employees receive the awards. The required documentation evidencing employees' receipt of safety awards was not being obtained from the work locations.

There is general agreement to the audit findings and recommendations. Actions have been taken to correct the deficiencies including updating the Quality Manual, implementing a new process for soliciting post-service delivery feedback from customers, issuing the audit response to the ISO audit findings and its acceptance by the auditor and the inclusion of the qualitative aspects of work performed in the Department's quality objectives. With regards to the submission of the documentation evidencing employees' receipt of safety awards, the Department will develop an email reminder system that will notify the work locations that the receipts are due.

We wish to express our thanks for the cooperation and assistance from all parties during the course of the Audit.

R.G. Beecroft
Chief Auditor
[August 11, 2009](#)

D. Torralba
Audit Manager

FOREWORD

The Safety Department supports the safety and environment goals of the Commission by providing policy advice and oversight to senior management and specialized services to all levels of management to continuously improve the safety of employees, customers and the public, provide an environmentally responsible transit system and provide guidelines for effective response and recovery during emergencies. The Safety Department defines, monitors, and updates the health, safety and environmental performance-related activities, processes, plans and management controls of the TTC, and ensure compliance with current legislation.

The Safety Department consists of six sections. This review focused on the activities carried out by the Quality Assurance & Engineering, Field Operations, and System Safety Reporting Sections.

AUDIT SCOPE AND OBJECTIVES

SCOPE: The audit included a review of key management, operational and financial controls of the Quality Assurance & Engineering, Field Operations, and System Safety Reporting Sections of the Safety Department for the period January 2007 to July 2008.

OBJECTIVES: To assess the management and operational controls to ensure:

- accountability and reporting relationships are appropriate for the Commission;
- due regard for economy, efficiency and effectiveness; and
- procedures and processes are in place to measure and report on the Sections' activities.

To evaluate the adequacy of financial controls to ensure:

- compliance to Legislative and Commission requirements;
- the timeliness, accuracy, completeness and authority of transactions; and
- the safeguarding and control of assets and other information.

AUDITED ITEMS FOUND ACCEPTABLE

KEY CONTROL	FINDING
Safety Reviews	Engineering drawings and documents are reviewed for safety considerations and comments are returned in a timely manner.
System Safety Audits	Safety audits are conducted in a manner that provides assurance that departments adhere to the System Safety Plan.
Quality Control	Safety critical parts and components are tested for compliance with engineering specifications.
Performance Reports	Up-to-date and accurate databases are maintained to support the production of various standard and adhoc reports for dissemination of safety related statistics and performance.
Hazard Identification & Risk Assessment	Work hazards are identified, assessed, documented and communicated to employees.
Management Information Systems	The information systems utilized by the Department provide accurate and timely information.
Operational Control Reporting	Processes are in place for reporting Department activities and performance.
Training and Development	Employees training needs are identified on an ongoing basis and addressed through appropriate training programs.
Mileage	Claims and payments for mileage are made in accordance with policy.
Records Management	Records are maintained in accordance with legislated retention and disposal requirements.

AUDITED ITEMS FOUND UNACCEPTABLE

FINDING #1

ISO 9001:2000 CERTIFICATION

OBJECTIVE: To determine whether the quality management system conforms to the requirements of the ISO 9001:2000 Standards and is effectively implemented and maintained.

ANALYSIS: In 2006, the Quality Assurance & Engineering Section of the Safety Department was awarded ISO 9001:2000 certification having met the quality management standards set by the International Organization for Standardization (ISO). ISO standards require regular reviews be conducted by independent parties outside the core group to determine conformity with the standards.

ISO 9001:2000 certification has since been extended to the whole Safety Department. The Chief Safety Officer requested Internal Audit to include, as part of this audit, a review to determine conformity with ISO standards. The scope of Audit's testing for adherence to the ISO standards was limited to the processes and controls of the three sections covered by this audit and the departmental processes and controls that relate to those activities. Nonconformity with the ISO Standards was noted as follows:

1) Quality Manual

To come up with a Quality Manual for the Safety Department, revisions were made to the Quality Manual for the QA&E Section such that it would apply to the whole department. The revision was not thoroughly performed nor adequately reviewed as some parts that were supposed to be changed or deleted were left unchanged rendering the Quality Manual inaccurate, inconsistent and out of date. Inconsistencies noted in the Quality Manual during a 2007 audit still appeared in the current Quality Manual.

2) Quality Objective Measurement

The achievement of the Department's quality objectives is tracked and monitored. However, the criteria for tracking achievement of the objectives focus more on the timeliness

of delivery/completion of the services rather than the quality of delivery of the service and/or benefits gained.

3) Customer Focus

There is no consistent process for actively soliciting customer feedback after service is delivered. The Quality Assurance and Engineering and Field Operations sections presume that the customer is satisfied with the service when no feedback is received. This approach does not ensure that the services delivered met customer expectations or whether improvements are needed.

4) ISO Audits

In March 2008, an ISO quality registrar (TUV) completed an ISO audit of the Safety Department. Nonconformity to some standards was noted and the department was required to provide responses to the findings with corrective actions that will be taken to conform to those standards. The management responses were not yet finalized at the completion of Audit's review.

The emphasis of the ISO 9001:2000 standards have shifted from conformance with planned arrangements, i.e., documenting processes in place to achieve objectives, to understanding customer's expectations and perceptions and on continually improving how the quality system is managed. Failure to address these deficiencies may result in ISO decertification.

RECOMMENDATIONS: Management should ensure that:

- 1) the Quality Manual is reviewed and kept up-to-date;
- 2) achievement of quality objectives are tracked and monitored for quality of delivered services;
- 3) a consistent process for soliciting post-service delivery feedback from customers is in place, and
- 4) corrective actions are taken to address audit findings in a timely manner.

MANAGEMENT'S RESPONSE:

- 1) The Quality Manual was updated on January 21, 2009. At a minimum, the Quality Manual is reviewed yearly in August per Standard Work Instruction (SWI) 007-001.

Status: Completed

- 2) The Safety Department created an Excel spreadsheet that tracks the quality objectives (QOs) indicated by the various sections to be of highest importance. These QOs now include qualitative QOs per the direction of the CSO. This spreadsheet is updated by each section head per the financial reporting calendar in conjunction with the GM reports.

Status: Completed

- 3) A new procedure was completed with the new survey sent out on February 11, 2009. Section specific forms are available for electronic collection.

Status: Completed

- 4) The corrective actions in question were at that time in a close-out process with the external ISO auditor which extended past the original due date with their concurrence. No action is required by the Safety Department to address this finding.

Status: Completed – No action required

FINDING #2

SAFETY AWARDS

OBJECTIVE: To assess the effectiveness of purchase and distribution of safety awards.

ANALYSIS: The Safety Department is responsible for determining eligibility for the Zero Injury Awards program, purchasing the awards (gift cards) and requesting cheques for the payment of presentation expenses. The awards and cheques are sent to units receiving the awards prior to the presentation. Procedures require that documentation evidencing employees' receipt of the awards (signature listing of all eligible recipients of the gift cards), receipts for the presentation expenses, and any excess funds be submitted to the Safety Department within 30 days after the presentation. Enforcement of this requirement has been lax. Audit's review found that only 3 of 22 (13.6%) have been returned to Safety. Some of the outstanding documentation were over six months late.

Weak controls over the return of documentation may result in entitled employees not receiving their gift cards and funds for presentation expenses being misappropriated.

RECOMMENDATION: Management should ensure that the requirement of providing supporting documentation for safety awards distribution and presentation expenses should be enforced.

MANAGEMENT'S RESPONSE:

Management believes that the dollar amounts are not material and do not warrant significant enhancement in administrative controls. The Administration and Safety Recognition section will develop an email reminder system that will notify the work location at the time the receipts are due if we have not received them. We will hold this reminder on file for one year to demonstrate that we did attempt to requirement to complete the documentation.

Responsibility: Supervisor – Administration and Safety Recognition
Status: Completed