

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: November 18, 2009

SUBJECT: INTERNAL AUDIT REPORT – SUPPORT SERVICES – TRAINING
AND SUPPORT SERVICES DEPARTMENT

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

OPERATIONS BRANCH

TRAINING and SUPPORT SERVICES DEPARTMENT

Support Services

**Covering Period
January 2007 to November 2008**

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EXECUTIVE SUMMARY

This audit assessed the key management and operational controls of the Support Services Section of the Training and Support Services Department, Operations Branch. An Exit Meeting was held on May 13, 2009 with the General Manager – Operations Branch, the Manager – Training and Support Services Department and the Director – Support Services to discuss the findings.

The audit noted a need to re-examine the role of the Attendance Control Superintendents as their current efforts and activities fail to achieve the desired result of reducing absenteeism rates. In addition, the audit identified weaknesses and deficiencies in the existing procedures and practices for ensuring the timely completion, submission, tracking and monitoring required probationary reviews and in the monitoring of transfer usage and wastage. The audit also noted a need to determine if the hosting of safety awards dinners are cost-effective and are adding value since employee attendance at these events has been very low over the years. Opportunities for increased efficiency and control over the distribution of cleaning vouchers for uniforms were also noted.

There was general agreement to the audit findings and recommendations and actions have been taken or are underway to correct the deficiencies noted. The role of the Attendance Control Superintendents has been reviewed and management has determined that they provide an important service to work location management. Management recognizes the need to overhaul the process for the submission and tracking of probationary reviews and has taken initial steps toward automating these processes. In the interim, the Section will communicate instructions and reminders on the submission of probationary reviews and report on those which have not been received. The Section has changed the requirements for reporting transfer usage and wastage to simplify the process and will solicit management commitment to comply with the requirements. The review of the Safe Worker/Operator recognition program has been included as part of the Section's Goals and Objectives for 2009. With regard to cleaning voucher distribution, Management has concluded that no changes are required as the current process is working as intended and procedures are being followed.

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
September 30, 2009

D. Torralba
Audit Manager

FOREWORD

The Support Services Section is responsible for providing centralized support to departments in the Operations Branch. The services include coordinating the preparation and presentation of the budget, preparing of period reports, attendance control, administering and controlling workforce levels, processing payroll data of the facility maintenance departments, administering the supply of Operator's uniforms and transfer, and co-ordinating employee recognition programs.

AUDIT SCOPE AND OBJECTIVES

SCOPE: The audit included a review of the key management, operational and financial controls of the Support Services Section for the period January 2007 to November 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 Section's 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
Uniforms	The contract for the supply of uniforms is effectively administered and employees are supplied with the required uniforms.
Divisional Operations Support System (DOSS) Administration	An efficient process exists to ensure that DOSS sign-up information is accurate and sign-up materials are delivered to the divisions when required.
Petty Cash	The petty cash fund is secured and payments are made in accordance with Commission policy.
Tool Allowances	Tool allowance entitlement payments are proper and made in accordance with union agreements.
Employee Training and Development	Employees training needs are identified on an ongoing basis and addressed through appropriate training programs.
Payroll and Attendance	Attendance for Section staff is monitored and accurate records are maintained.
Record Management	Records are efficiently and effectively managed and the Department adheres to the TTC records retention by-law.
Purchasing / Contract Administration	Purchases are made in accordance with TTC Policy.
Asset Control	Assets and information are appropriately monitored and safeguarded.

AUDITED ITEMS FOUND UNACCEPTABLE

FINDING #1

ATTENDANCE CONTROL

OBJECTIVE: To assess that there is an effective process to monitor and control absenteeism.

ANALYSIS: The 'At Work Program', a key feature of the corporate strategy to manage attendance at the Commission, was established to provide a consistent approach when dealing with absenteeism. While the program states that the attendance control remains a departmental responsibility, the Attendance Control Section of Support Services has been charged with the responsibility for ensuring that the various work locations within the Operations Branch are adhering to the Program and are taking appropriate actions to reduce absence rates to meet their committed goals.

While the Section's efforts in improving attendance were successful in its early years, such has not been the case in recent years. Absenteeism rates and statistics provided monthly by Support Services to Management showed the average absence rate for the first 8 periods of 2008 at 8.26%, compared to the 2008 target absence rate of 6.90% and the 2007, 2006 and 2005 absence rates of 7.57%, 7.33% 7.11%, respectively.

In spite of the continuing rise in the absence rates, the Section has continued with the same activities and approach to attendance control over the years. The rising absence rate is indicative that such activities have not been effective in contributing to achieving the desired results. For example, while particular emphasis has been put on the review and monitoring of absences on the 8/30 report (8 incidents or 30 days absences within a 12-month period) and investigations limited to the worst cases, the number of these cases continue to rise. At end of Period 9 2008, the 8/30 cases accounted for 64% of the total absence days and the number of union employees totalled 1,541 representing about 14% of the Operations Branch workforce. Furthermore, the current practice does not ensure that the required actions are taken on absence cases that do not make the 8/30 thresholds.

There is a need to re-examine the role of the Attendance Control Section and the activities it performs, not only because

they have not been achieving the desired effect on absence rates in the recent past but also because of planned changes to the way absenteeism will be managed in the TTC, some of which are already underway. Regardless, the responsibility for attendance control at the various work locations remains with local management and the success of future actions and changes largely depends on its ability to carry out this responsibility and apply the attendance control strategy in a consistent manner across the Branch.

RECOMMENDATION: Management should:

- re-examine the role and activities of the Attendance Control Section for their effectiveness, added value and how they would fit in the planned changes to attendance management, and
- ensure that employees responsible for managing attendance are knowledgeable of the tasks and requirements for carrying out the responsibility and provide training where required.

MANAGEMENT'S RESPONSE:

When the Attendance Control Superintendent positions were first introduced, attendance management at TTC was aggressively applied without a great deal of discretion, and in many cases our actions, by today's standards, would be considered "illegal". Since then, various rulings on Human Rights and Case Law as well as Union Agreements have made attendance management more complex.

The role of the Attendance Control Superintendents has been reviewed with the General Manager of Operations and he has confirmed his full support of these positions within the Operations Branch. They provide an important service to work location management by identifying trends, doing the groundwork for complex cases, liaising with Occupational Health and Claims and Employee Relations staff and offering advice and guidance to ensure that attendance management is being applied consistently across the Branch. Without these resources, work location management would be required to balance these activities with the daily challenges of meeting service requirements and providing a safe work environment.

Since 2005, the Attendance Control Superintendents have been cooperatively working with Human Resources and Mercer (consultant) to improve the Attendance Management process at TTC. They held a leadership role in implementing Mercer's recommendations and in coordinating training, supporting and evaluating the Pilot work locations. They also assisted in the design of the new Disability Management Process implemented in

Occupational Health and Claims Management. Based on the successes at Pilot locations the Health and Wellness Resources (HWR) Program is being rolled out to additional work locations. The Attendance Control Superintendents have been involved in revisions to the original Mercer training package in order to make it more relevant and representative of the TTC climate/environment by providing applications that are representative of actual work location cases. They are currently providing training to the new HWR work locations and will also be involved in providing training to non-HWR work locations to ensure a consistent approach to Attendance Management across Operations Branch.

In addition to the above training and the additional support requirements it generates, the Attendance Control Superintendents will continue to focus attention on the following: reviewing areas of high absenteeism (particularly those not meeting their targets) and providing recommendations regarding appropriate attendance management; facilitating the development of strategies and action plans to address chronic, problematic and complex cases which are beyond the scope of work location managers to handle on their own; and lastly, identify issues, trends and needs affecting attendance management within the Branch. They will continue with site visits and case review meetings to engage work location management in the Attendance Management Program.

Commencing with Period 3, 2009 we have developed and issued a new performance report to Branch senior management that compares actual absence rates to departmental targets on a period and year-to-date basis to highlight areas that are not achieving their goals.

Another reporting initiative we are pursuing is the tracking of resources utilizing the Transitional Work Program (TWP). This group of employees is growing and there is a need to quantify and manage this segment of our workforce. The capture of external TWPs through the Attendance Management System (AMS) has been implemented in early 2009 with the internal TWPs expected to be captured in AMS by the start of 2010.

As in the past, the Attendance Control Superintendents will continue to look for opportunities to make changes to processes, contribute to corporate initiatives and be an advocate for the Branch with respect to the Attendance Management Program.

Status: Completed

FINDING #2

PROBATIONARY REVIEWS

OBJECTIVE: To ensure that the required probationary reviews for new employees are completed and submitted.

ANALYSIS: Probationary reviews are required to be completed at three specific time intervals during the probationary period of each employee hired into a new position. The responsibility for monitoring completion of probationary reviews of union employees in the Operations Branch has been assigned to the Program Administrator at Support Services who notifies and sends the required forms for completion to the Operations Branch Supervisory Staff and requests the return of the completed forms. A database is used to track required probationary reviews and the receipt of the completed forms. The completed probationary reviews are then sent to Human Resources (HR) Department for filing.

The current process was found ineffective in ensuring that the required probationary reviews are completed and submitted. Audit reviewed the probationary records for a sample 30 employees who had their probationary period in 2007 and 2008. Of the 67 probationary reviews that should have been completed and submitted for those employees, 10 or 15% of the probationary reviews were never received by Support Services or the HR Department. For six of the 30 employees sampled, no probationary reviews was received from the work location. The following were also noted:

- due and outstanding probationary reviews are not promptly followed up;
- records and files are not checked for completeness of required probationary reviews;
- inconsistency in where supervisory staff send completed probationary reviews;

When a required probationary review is not received, no follow-up is done until the time the next probationary review becomes due and both the current and the overdue reviews are requested. By that time, three months have already passed since the time that the review was supposed to have been completed. No regular review of the records and the files

for completeness of all required reviews after the third and last review is requested.

In addition, while the procedure calls for submission of the completed probationary reviews to Support Services, some maintenance work locations have been sending them to the HR Department. The Program Administrator is not informed of the receipt of the probationary reviews by the HR Department nor does Support Services request this information. Thus, the accuracy and completeness of the database used for probationary reviews becomes suspect since information on the ones that were directly received by the HR Department would be lacking. Monitoring and tracking completion of these reviews using an inaccurate and incomplete database would be a fruitless exercise and result in unnecessary follow-ups with the work location for probationary reviews that they had already submitted. Failure to adequately monitor and track probationary review completion could result in these reviews not being completed which in turn could result in permanently hiring employees who are unqualified or unsuitable for the job or unnecessarily prolong the employment of those employees with the Commission.

The current process is highly dependent on factors that are beyond the Program Administrator's control in order to succeed: the work locations submitting all probationary reviews to Support Services and the HR Department informing the Program Administrator of reviews directly received by them.

RECOMMENDATIONS: Management should review the existing procedures and implement changes to ensure the timely completion and submission of required probationary reviews and that these are adequately tracked and monitored.

MANAGEMENT'S RESPONSE:

Our own internal review of the current process had already indicated that this process was in need of an overhaul. The process of issuing and tracking probationary reviews is a time consuming and labour intensive process that needs to be improved to ensure that all required reviews are completed in a timely and efficient manner.

In the short term, we are issuing an e-mail to all Operations Branch Superintendents reminding them that all completed Probationary Reviews are to be returned directly to the

Programs Administrator, Support Services. Human Resources will also be advised to forward any errant Reviews to Support Services. On a monthly basis, a report will be issued to General Superintendents for areas that have not submitted all their Reviews.

For the longer-term, we are looking at automating many aspects of this process. The scope of this work has been added to the Consolidated Workforce Database project as part of the 2010-2014 Capital Budget Process.

Status: Completed

FINDING #3

TRANSFERS

OBJECTIVE: To assess if the process of monitoring transfer usage and wastage is effective.

ANALYSIS: Monitoring transfer usage and wastage requires usage reports to be prepared for certain days during each board period by clerical staff in each division and submitted to Support Services. This information allows the Support Services staff to determine if orders for the printing of transfers need to be adjusted accordingly. Audit noted that only 3 of the 8 divisions submitted these reports for each board period while the rest were inconsistent in completing and submitting these reports. In addition, each division is sent details of the next orders for transfers for their review and adjustment to the order quantities. Audit found that most divisions do not acknowledge the request and do not respond which results in the quantities for the orders being kept at same level as the previous order. The lack of transfer usage reports and input from the divisions prevents the determination of transfer wastage and the adjustment of order quantities to reduce wastage.

RECOMMENDATIONS: Management should communicate to all divisions of the need for completing wastage reports on a regular basis and forward a copy to Support Services to allow them to assist in the monitoring of transfer wastage and orders.

MANAGEMENT'S RESPONSE:

Effective with the May 2009 board period requirements we will be e-mailing the divisional Superintendents, with copy to Day General Clerks, requesting that results from specific routes and dates be captured rather than leaving the request open ended, thereby, lightening the workload by not asking for routes that are at minimum order levels.

We will meet with the General Superintendents of Bus and Rail Transportation to discuss process and reinforce the commitment.

Responsibility: Director – Support Services

Completion: October 31, 2009

FINDING #4

EMPLOYEE AWARDS PROGRAMS

OBJECTIVE: To determine if the hosting of employee awards dinners are cost-effective and adding value.

ANALYSIS: The department administers programs that recognize employees who have achieved pre-determined levels of safety. Two safety dinners are held each year for this purpose. The eligible employee and a guest are invited to the dinner where members of Senior Management acknowledge the employees for their achievement.

The dinners held in the last three years were attended by only 20.5% of eligible employees. Only limited analyses and reviews of the program to determine the reason for the lack of interest in attendance has been undertaken.

RECOMMENDATIONS: Management should determine if the award dinner is meeting the program's objective or if a different form of public acknowledgement could be designed to meet the program's goal.

MANAGEMENT'S RESPONSE:

We have recognized the need to review the Safe Worker/Operator recognition program and have included it as part of our 2009 Goals and Objectives. We expect that a decision will be made by the end of 2009 for possible implementation by 2011 (due to the lead time required to coordinate these events).

Responsibility: Director – Support Services

Completion: December 31, 2009

FINDING #5

CLEANING VOUCHERS

OBJECTIVE: To assess effectiveness of the process for distributing cleaning vouchers.

ANALYSIS: The Commission provides eligible employees with vouchers for cleaning their Commission-issued uniforms by a commercial cleaner. The annual distribution of the cleaning vouchers to active employees at the start of the year is administered by the Finance Department who send the voucher directly to the individual work locations. Finance also sends a stock of blank cleaning vouchers to Support Services for issuance to new hires during the year. Support Services is required to report cleaning vouchers issued to Finance for reconciliation with their record so that these are reconciled to their records.

Efficiencies and increased control can be achieved by having the Finance Department take full responsibility for the issuance of all cleaning vouchers. In addition, the need for Support Services to store, issue, account and report on issuance of blank vouchers and reconcile of the Finance Department records could be eliminated.

RECOMMENDATION: Management should consider the feasibility of having the Finance Department take responsibility for the issuance of all cleaning vouchers.

MANAGEMENT'S RESPONSE:

The current process is working as intended and all procedures are being followed. We do not issue cleaning vouchers to New Hires until they have successfully completed their training and we complete and return all required documents to Finance for their reconciliation.

We have discussed the audit recommendation with Finance and they are satisfied with our process and are not in a position at this time to recommend any improvements nor are they looking to take on the responsibility of distributing cleaning vouchers to newly qualified operators.

Status: Completed