

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: April 13, 2010

SUBJECT: INTERNAL AUDIT REPORT (JANUARY - MARCH 2010)

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Audit Committee receive for information the attached Internal Audit Report covering the period January – March 2010.

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 third quarter 2010 Audit Committee Meeting.

April 13, 2010

01-23

Attachments – Internal Audit Reports

INTERNAL AUDIT REPORT

Covering Period:

JANUARY - MARCH 2010

CONTACT: Richard G. Beecroft
Chief Auditor
(416) 393-3691

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 January – March 2010.

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

Comprehensive:

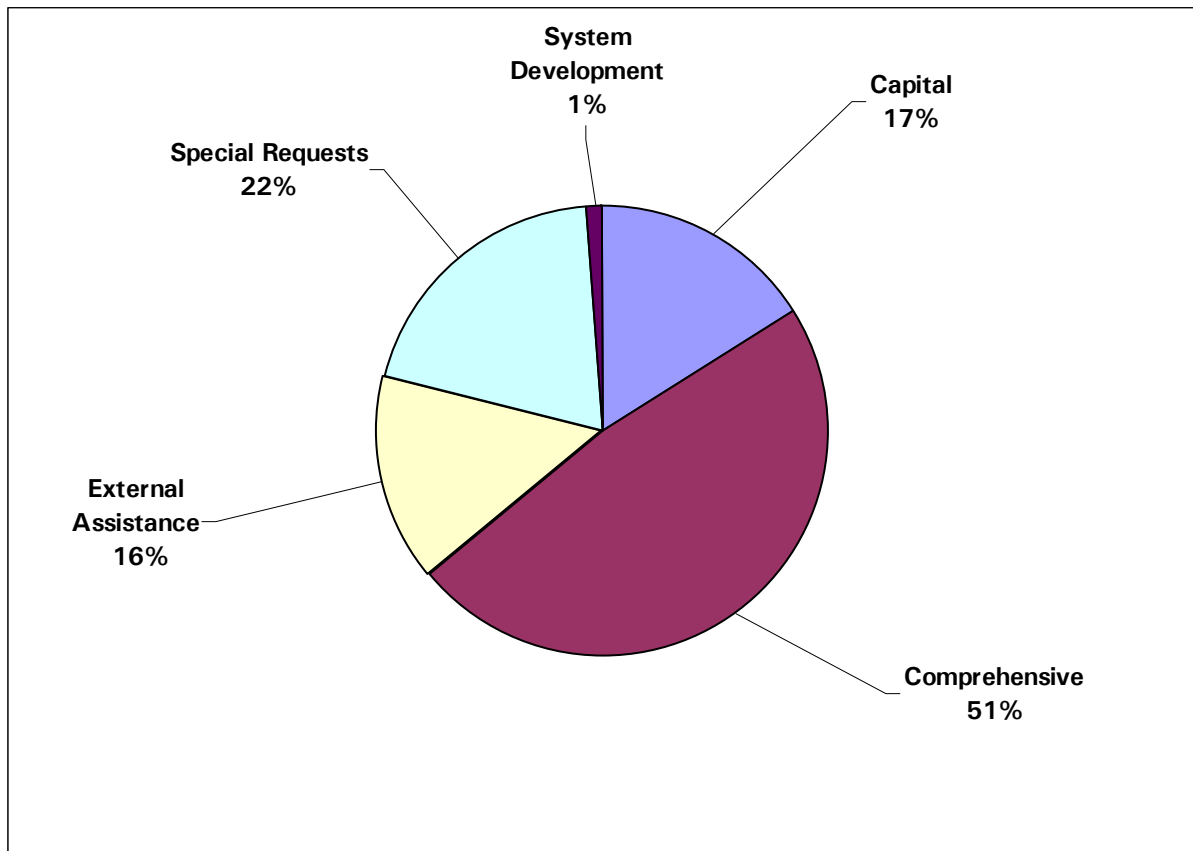
- **Occupational Health & Claims Management**
- **Employee Relations and Compensation and Benefits**
- **Human Rights Unit**
- **Rail Transportation Department – Yonge-University-Spadina-Sheppard Line/Bloor-Danforth/SRT Line**

Capital Audits:

- **20 Year SRT Car Overhaul**
- **Victoria Park Bus Terminal Replacement**

AUDIT RESOURCES

The distribution of audit resources for the current reporting period (January – March 2010) is portrayed in the chart below:



STATUS OF COMPREHENSIVE AUDITS

| | PLANNED | IN PROGRESS | COMPLETED |
|--|---------|-------------|-----------|
| 2008 AUDIT PLAN | | | |
| Human Resources – Occupational Health & Claims Management | √ | | √ |
| Human Resources – Employee Relations/Compensation and Benefits (Carry-Forward to 2009) | √ | | √ |
| Bus Transportation Department (Carry-Forward to 2009) | √ | √ | |
| 2009 AUDIT PLAN | | | |
| Employment Services/Administration Planning & Development | √ | | |
| Human Rights Unit | √ | | √ |
| Station/Tunnel/Building Equipment/Plant Maintenance Engineering | √ | | |
| Harvey Shop | √ | √ | |
| YUSS/BD Subway Divisions | √ | | √ |
| Station Operations/Collectors | √ | √ | |
| S/E/C Department - Signals | √ | √ | |
| Duncan Shop/Fleet Management | √ | √ | |
| Graphic Services | √ | √ | |
| Property Development | √ | √ | |
| Revenue Operations | √ | √ | |
| 2010 AUDIT PLAN | | | |
| Greenwood Shop/Equipment Control Desk/Maintenance Engineering | √ | | |
| Finance: Capital Projects | √ | | |
| General Secretary's Office | √ | | |
| ITS - Client Services | √ | | |
| M&P - Controlled Stores | √ | | |
| E&C - Construction | √ | | |
| Safety - Fire Safety & Emergency Planning/Occupational Hygiene & Environment | √ | | |
| Rail Transportation - Station Operations/Collectors (Carry-Forward 2011) | √ | | |
| S/E/C - Communications/Communications Engineering (Carry-Forward 2011) | √ | | |
| ITS - Technical Services (Carry-Forward 2011) | √ | | |
| E&C - Engineering (Carry-Forward 2011) | √ | | |

STATUS OF CAPITAL AUDITS

| CONSTRUCTION/CONSULTANT ASSIGNMENTS | PLANNED | IN PROGRESS | COMPLETED |
|---|---------|-------------|-----------|
| 2008 AUDIT PLAN | | | |
| Subway Asbestos Removal (Carry-Forward to 2009) | √ | √ | |
| Victoria Park Terminal Replacement | √ | | √ |
| 20 Year SRT Car Overhaul (Carry-Forward to 2009) | √ | | √ |
| 2009 AUDIT PLAN | | | |
| 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 | √ | √ | |
| 2010 AUDIT PLAN | | | |
| Eglinton LRT - Transit City | √ | √ | |
| Finch West LRT - Transit City | √ | √ | |
| Purchase of 198 Wheel-Trans Buses | √ | | |
| Underground Storage Tank Replacements | √ | | |
| Union Station New Platform | √ | | |
| YUS ATC Resignalling (Carry-Forward 2011) | √ | | |
| Birchmount Repair Bay Modifications (Carry-Forward 2011) | √ | | |
| LRT Replacement Maintenance & Storage Facility (Carry-Forward 2011) | √ | | |