

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: July 15, 2010

SUBJECT: INTERNAL AUDIT CAPITAL REPORT – BUS RAPID TRANSIT
(BRT) SPADINA SUBWAY TO YORK UNIVERSITY/STEELES
AVENUE PROJECT

INFORMATION ITEM

RECOMMENDATION

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

July 15, 2010
01-23

Attachment – Internal Audit Capital Report

TORONTO TRANSIT COMMISSION

TO Dick Beecroft

FROM Tom Perry

DATE May 3, 2010

SUBJECT Internal Audit – Bus Rapid Transit (BRT) - Spadina Subway to York University/Steeles Avenue Project

Summary

An audit of the Bus Rapid Transit - Spadina Subway to York University/Steeles Avenue capital project has been conducted. Audit work performed indicates adequate documentation has been maintained to support construction costs, design consultant charges, payments made to Canadian National Rail (CN), Toronto Hydro and City of Toronto, and recorded TTC labour and non-labour expenditures.

Background

Bus-only lanes are being constructed between Downsview Subway Station to York University/Steeles Avenue to provide a faster and more reliable transit connection in the area. This interim improvement is being done in advance of the Spadina Subway Extension project.

The actual costs for this project as at the end of March 2010 is \$25.4 M; comprised of the following:

| Expenditures: | LTD (\$ Million) |
|---------------------------------------|-----------------------------|
| Construction Costs | \$17.9 |
| CN, Toronto Hydro and City of Toronto | \$2.5 |
| Consultant Costs | \$3.6 |
| TTC Engineering | \$1.4 |
| Total | \$25.4 |

Audit Observations

Audit staff reviewed documentation, financial records, contract documents and various correspondence relating to the Bus Rapid Transit - Spadina Subway to York University/Steeles Avenue capital project. Based on audit work performed, acceptable items noted by Audit include the following:

Construction Costs:

- Construction contract documents, including contract amendments, were properly approved and in order. As of the end of March/10, the contract amount of \$17.9M with contractor Brennan Paving & Construction Ltd. is reported as being 96% complete.
- Adequate justification for extra work performed was noted for sampled contract changes valued at \$1.7 M. All extra work was properly authorized prior to commencement. Paid amounts appear reasonable and were made in accordance with terms of the contract.
- Audit's review of construction site field records, including monthly progress reports and minutes of meetings, revealed no outstanding issues or concerns. Quality control testing and inspection documentation reviewed indicated issues were appropriately addressed as per the contract and closed off. Contract Deficiency Reports have been prepared and the contractor has addressed the identified issues.

CN, Toronto Hydro and City of Toronto

- Payments to Canadian National Rail (CN), Toronto Hydro and City of Toronto were appropriate and properly supported.

Consultant Costs:

- Audit reviewed third-party financial records to confirm the all-inclusive billing rates charged for design work by consultant Earth Tech/AECOM and no discrepancies or errors were noted.

TTC Engineering

- TTC labour, fringe and overhead costs total \$1.4M. Internal labour charges were properly supported by signed attendance sheets and incurred by appropriate cost centres.
- No charges from inventory or for equipment usage were noted.