

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: October 14, 2010

SUBJECT: INTERNAL AUDIT CAPITAL REPORT – KIPLING STATION
IMPROVEMENTS

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

October 14, 2010
01-23

Attachment – Internal Audit Capital Report

TORONTO TRANSIT COMMISSION

TO Dick Beecroft

FROM Tom Perry

DATE August 24, 2010

SUBJECT Internal Audit – Kipling Station Improvements

Summary

An audit of the Kipling Station Improvements Project has been conducted. Audit work performed indicates adequate documentation has been maintained to support construction costs, recorded TTC labour expenditures and property acquisitions. GO Transit expenditures are clearly identified and recovered.

Background

The project involves new passenger pick up and drop off locations, modifications to the existing TTC bus terminals, new inter-regional bus terminals and reconstructed and additional new commuter parking lots. The new TTC Kipling Station will also accommodate Mississauga Transit and GO Transit operations.

The actual costs for this project as at the end of May 2010 is \$6.8 M; comprised of the following:

Expenditures:	LTD (\$ Million)
Construction Costs	\$4.5
Design Consultant Costs	\$2.8
TTC Engineering	\$1.0
Property Acquisition	\$2.1
Recovered Costs from GO Transit	(\$3.6)
Total	\$6.8

Observations

We reviewed financial records, contract documents and various correspondences relating to the Kipling Station Improvements 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 May/10, the contract with Bondfield Construction Company is approximately 65% complete.
- Adequate justification for extra work performed was noted for sampled contract changes. 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, site memo's and minutes of meetings, revealed no outstanding issues or concerns. Quality control testing and inspection documentation reviewed indicated contract requirements are being achieved and any outstanding issues are being addressed as per the contract. Contract Deficiency Reports have been prepared and the contractor has addressed the identified issues.

TTC Labour Expenditures:

- TTC labour, fringe and overhead costs account for \$1.0 M recorded project costs to date. Internal labour charges were properly supported by signed attendance sheets and incurred by appropriate cost centres.

Property Acquisitions and Recoveries for GO Transit:

- All property purchased for the project and portions of the design consultant, construction and TTC internal costs attributed to the project have been clearly identified as recoverable from GO Transit. Audit's review indicated adequate supporting documentation is on file and TTC invoices have been paid by GO Transit.