

## **TTC AUDIT COMMITTEE REPORT NO.**

**MEETING DATE:** April 19, 2011

**SUBJECT:** INTERNAL AUDIT REPORT (JANUARY – MARCH 2011)

### **INFORMATION ITEM**

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#### **RECOMMENDATION**

It is recommended that the Audit Committee receive for information the attached Internal Audit Report covering the period January – March 2011.

#### **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 2011 Audit Committee Meeting.

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April 19, 2011  
01-23  
Attachments – Internal Audit Reports

# **INTERNAL AUDIT REPORT**

**Covering Period:**

**JANUARY – MARCH 2011**

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## **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.

This report covers the main audit activities from January – March 2011.

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

### **Comprehensive:**

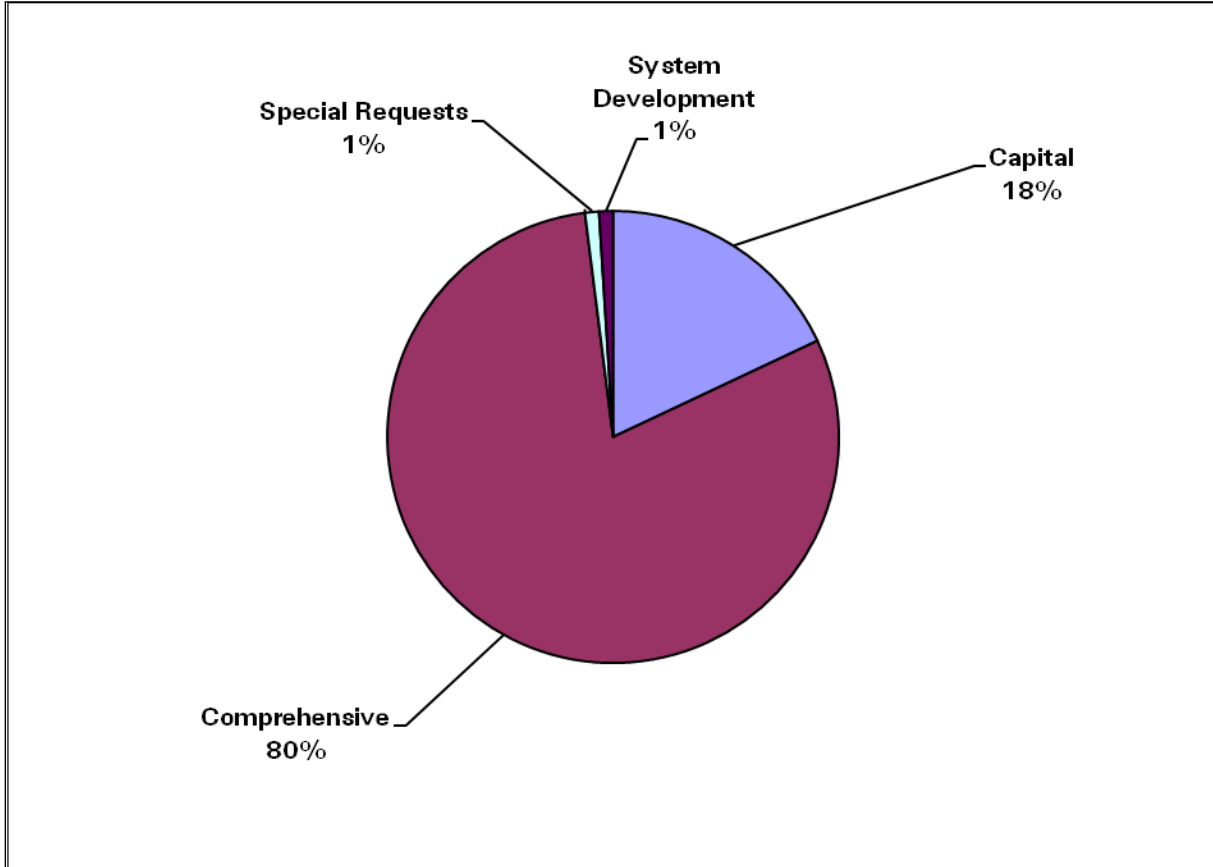
- Rail Cars & Shops Department – Harvey Shop
- Rail Transportation Department – Station Operations/Collectors
- Materials & Procurement Department – Graphic Services Section
- Materials & Procurement Department – Central and Distribution Inventory Control

### **Capital Audits:**

- Subway Asbestos Removal Project
- Masonry Structure Restoration Program

## AUDIT RESOURCES

The distribution of audit resources for the current reporting period (January – March 2011) is portrayed in the chart below:



## **STATUS OF COMPREHENSIVE AUDITS**

	PLANNED	IN PROGRESS	COMPLETED
<b>2009 AUDIT PLAN</b>			
Employment Services/Administration Planning & Development	√	√	
Station/Tunnel/Building Equipment/Plant Maintenance Engineering	√	√	
Harvey Shop	√	√	√
Station Operations/Collectors	√	√	√
Duncan Shop/Fleet Management	√	√	
Graphic Services	√	√	√
<b>2010 AUDIT PLAN</b>			
Greenwood Shop/Equipment Control Desk/Maintenance Engineering	√	√	
Finance: Capital Accounting	√		
General Secretary's Office	√	√	
ITS - Client Services	√		
M&P - Controlled Stores	√	√	√
E&C - Construction	√	√	
Safety - Fire Safety & Emergency Planning/Occupational Hygiene & Environment	√	√	
S/E/C - Communications/Communications Engineering (Carry-Forward 2011)	√	√	
ITS - Technical Services (Carry-Forward 2011)	√	√	
E&C - Engineering (Carry-Forward 2011)	√		
<b>2011 AUDIT PLAN</b>			
TTC/GTA Farecard Project	√		
Subway Carhouses	√		
Station Operations and Collectors	√		
Streetcar Divisions	√		
Maintenance Engineering/Subway/SRT Track Section/Streetcar Way	√		
Transportation Maintenance	√		
Payrolls and Costs	√		
Purchasing and Sales	√	√	
Elevators and Escalators (Carry-Forward to 2012)	√		

## STATUS OF CAPITAL AUDITS

CONSTRUCTION/CONSULTANT ASSIGNMENTS	PLANNED	IN PROGRESS	COMPLETED
<b>2009 AUDIT PLAN</b>			
Masonry Structure Restoration	√	√	√
Sheppard East LRT - Transit City	√	√	
Toronto-York Spadina – Management Design & Engineering	√	√	√
Toronto-York Spadina - Construction	√	√	
<b>2010 AUDIT PLAN</b>			
Subway Asbestos Removal	√	√	√
Eglinton LRT - Transit City	√	√	
Finch West LRT - Transit City	√	√	
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)	√	√	
<b>2011 AUDIT PLAN</b>			
<b><i>Capital Audits</i></b>			
Fire Ventilation	√	√	
Purchase of Subway Cars (Carry-Forward to 2012)	√		
<b><i>Toronto-York Spadina Subway Extension</i></b>			
TTC Costs (Management and Engineering)	√		
Consultant Contracts	√		
Vehicles/Tunnel Boring Costs	√		
Municipality/Utility/Property Costs	√		
Construction Contracts (Carry-Forward to 2012)	√		
<b><i>Transit City</i></b>			
Finch West LRT (Carry-Over from 2010)	√		
Eglinton LRT (Carry-Over from 2010)	√		
LRT Maintenance & Storage Facility - Sheppard	√		
Sheppard East LRT (Carry-Forward to 2012)	√		
Scarborough Rapid Transit LRT (Carry-Forward to 2012)	√		