

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: July 8, 2011

SUBJECT: INTERNAL AUDIT – GENERAL SECRETARY’S OFFICE

INFORMATION ITEM

RECOMMENDATION

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

Richard G. Beecroft
Chief Auditor

July 8, 2011
01-23

Attachment – Internal Audit Report

EXECUTIVE BRANCH

GENERAL SECRETARY'S OFFICE

**Covering Period:
January 2009 to December 2010**

TABLE OF CONTENTS

	Page No.
EXECUTIVE SUMMARY	ES – 1
FOREWORD	1
AUDIT SCOPE AND OBJECTIVES	1
AUDITED ITEMS FOUND ACCEPTABLE	2
AUDITED ITEMS FOUND UNACCEPTABLE	
1. Video Surveillance Recordings	3
2. Public Tender Opening Process	5
3. Records Management	7
4. Mail Delivery Services	10

EXECUTIVE SUMMARY

This audit assessed the key management and operational controls of the General Secretary's Office (GSO) which reports to the General Manager/General Secretary – Executive Branch. An Exit meeting was held on April 27, 2011 with the General Manager/General Secretary and Assistant General Secretary to discuss the audit findings.

Audit found that the GSO is well managed and controls are in place. However, Audit identified several areas where further opportunities to improve controls exist.

Audit recommended improvements to the video surveillance recording process to ensure greater efficiency in the process to manage the recordings in compliance with legislative requirements. Recommendations were also made to strengthen controls over the public tender opening process in order to maintain integrity, and ensure that documentation is complete and on file for all tender openings. Management agrees with the recommendations and corrective action has been implemented.

Other recommendations related to strengthening controls in the records management function and internal mail delivery services. Management agrees with all the recommendations and corrective action has been implemented.

We wish to express our thanks for the cooperation and assistance received from all parties during the course of the Audit.

R.G. Beecroft
Chief Auditor

J. L. Kennelly
Audit Manager

FOREWORD

The General Secretary's Office (GSO) is composed of two sections and reports to the General Manager/General Secretary of the Executive Branch. This audit focused on both of the sections: Corporate Secretariat/Mail Services, and Freedom of Information/Records Management.

The major activities of the sections are:

- schedule, prepare and coordinate agendas, reports, and minutes for each Commission, Committee of the Whole and subsidiary company meeting
- secure proposal and public tender documents and arrange for appropriate disclosure
- deliver mail in accordance with established schedules
- respond to Freedom of Information ("FOI") requests
- manage the storage, retrieval and destruction of Commission records

AUDIT SCOPE AND OBJECTIVES

Scope The audit included a review of key management, operational, administrative and financial controls of the GSO for the period January 2009 to December 2010.

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
- procedures and processes are in place to measure and report on the sections' activities

To evaluate the adequacy of financial controls to ensure:

- compliance to Legislative and Commission requirements
- the timeliness, accuracy, completeness, and authorization of transactions
- the safeguarding and control of assets and other information

AUDITED ITEMS FOUND ACCEPTABLE

KEY CONTROL	FINDING
Freedom of Information (FOI)	Processes have been established to ensure all FOI requests received are responded to within timeframes stipulated by the Municipal Freedom of Information and Protection of Privacy Act ("MFIPPA").
Contract Administration	Invoice payments relating to postal meter usage and leasing of the meter machines are properly processed in accordance with the contract terms.
Asset Control and Security	Controls are in place to ensure that keys and vital documentation are properly secured.
Staff Training and Development	Staff has completed all training requirements, e.g., road safety testing for the mailroom drivers.
Hazard Identification and Risk Assessment (HIRA)	Hazard identification and risk assessment has been completed, approved and posted on TTC's Intranet HIRA web site.

AUDITED ITEMS FOUND UNACCEPTABLE

FINDING #1

VIDEO SURVEILLANCE RECORDINGS

OBJECTIVE: To determine that the video surveillance recording process is managed efficiently and effectively, and ensures compliance with legislative requirements.

ANALYSIS: Audit's review of the controls for video surveillance DVD recordings found the following weaknesses where improvements are required:

-
he storage and retrieval of all TTC video surveillance DVDs is not centralized under one responsibility area. The GSO currently stores and manages retrieval of DVDs for the surface divisions (streetcar and buses). The Operations Branch – Transit Enforcement and Security Services area performs similar functions for the subway divisions. Consolidating the camera surveillance program under one responsibility area could save time and money, and bring consistency to the process, i.e., Toronto Police would need only to contact one source for retrieving video copies.

-
SO staff that have responsibility for maintaining confidentiality and privacy for the Video Surveillance System are required to sign a written agreement regarding their duties, including an undertaking of confidentiality. This requirement is a recommendation made by the Information and Privacy Commissioner of Ontario. Audit found that written agreements have not been put in place as yet to meet this requirement.

-
ogs of disclosure of TTC video surveillance images to the Toronto Police Service are required to be maintained. Audit's review found that e-mail requests for DVD copies are not logged for tracking and monitoring purposes. In addition, Audit also noted that DVD storage boxes are not properly labeled and catalogued.

RECOMMENDATION:

Management should:

-
consolidate responsibility under one area for the storage and retrieval of all video surveillance DVDs within the TTC
-
ensure staff responsible for the Video Surveillance System signs a written agreement regarding their duties, especially noting the requirements for confidentiality and privacy protocols
-
strengthen controls over the logging and labeling documentation for the video surveillance DVD recordings

**MANAGEMENT
RESPONSE:**

1. The Video Services Unit within Transit Enforcement and Security Services has taken over from the GSO the retention of surface videos effective May 2011. In addition, a review of the Video Recording Policy will be undertaken over the next 3 months.
2. GSO staff has signed privacy and confidentiality agreements.
3. Unmarked DVDs are now being labelled and a log book has been implemented.

Responsibility:

1. General Secretary's Office/Transit Enforcement and Security Services
2. General Secretary's Office
3. General Secretary's Office

Status:

1. Partially complete (Policy Review Pending)
2. Complete

3. Complete

FINDING #2

PUBLIC TENDER OPENING PROCESS

OBJECTIVE: To determine that public tenders and proposals are opened and recorded in accordance with TTC corporate policy, and maintain the integrity of the procurement process.

ANALYSIS: Audit reviewed the controls over the receipt, recording and processing of public tenders and proposals received by the GSO. The following deficiencies were noted:

- Integrity over the opening of public tenders is maintained by requiring at least two representatives present to record the tender openings. A review of the log used to record public tender opening information indicated that not all public tender openings have a secondary representative present for the opening and reading of the bids.
- Information regarding tender openings for December 2010 and January 2011 was not logged. As a result, information such as date, description, number of envelopes (bids), and number of representatives attending the opening was not on file.

The lack of dual custody over public tender openings and completeness of the tender opening logs increases the perception of unfair and inadequate procurement processes, which could result in a negative public image for the TTC.

RECOMMENDATION: Management should ensure the standards to maintain integrity of public tender openings are adhered to, and that documentation is complete and on file for all tender openings.

MANAGEMENT RESPONSE:

1. Procedures have been implemented to ensure a second employee is present at all public tender openings.
2. The Tender logbook has been modified to include the names of staff who conduct an opening. The logbook is being updated daily.

Responsibility:

1. General Secretary's Office
2. General Secretary's Office

Status:

1. Complete
2. Complete

FINDING #3

RECORDS MANAGEMENT

OBJECTIVE: To determine that records management is carried out in an efficient and effective manner, and adheres to TTC policies and legislative requirements.

ANALYSIS: The GSO has established processes with the City of Toronto's Records Centre ("Records Centre") for storage, retrieval, destruction and archiving of TTC records. Audit noted that the processes have not been consistently followed, resulting in the following weaknesses:

- Review of the destruction certificates sent to the GSO by the Records Centre revealed that the Records Centre indicates the number of boxes not found for each department, and therefore could not be destroyed. Audit found no evidence of follow-up to obtain information (i.e., box ID's and check-out date) or contact with the departments concerned in an effort to locate the boxes to ensure that they are properly destroyed.
- Audit testing found that approximately 38% of the 333 boxes retrieved from storage by TTC Departments as of December 2010 have been charged out for two years or more, with the earliest dating back to October 2003. Audit found no evidence of follow-up with the departments to confirm the location of the records or to establish an expected return and/or destruction date.
- Audit's review of the master file listing of all TTC boxes eligible for destruction as at December 2009 indicated that approximately four thousand boxes are eligible for destruction but are still in storage. Out of these boxes, 68% belong to the Engineering and Construction (E&C) Department. As E&C files their records by project rather than by type of records, this makes it difficult to separate those records that need to be kept from those that could be destroyed. As a result, the Records Centre is storing more boxes than needed.
- Audit noted that when a department requests not to destroy certain boxes, written justification is not always obtained

along with an alternative destruction date as required by TTC Policy #8.1.5 Record Retention and Destruction.

- GSO staff does not consistently use a day-by-day boxes management sheet to record new boxes added to storage, boxes retrieved from storage, and boxes requiring direct destruction without accession. As a result, activities are not being accurately recorded in the monthly statistic report.
- The Record Management Clerk (“RMC”) had been absent from work for a number of months and no temporary replacement Clerk was obtained. Consequently, the RMC responsibilities were shared by the Coordinator of Record Management/Freedom of Information and the Mail Clerk. Since they were still required to complete their regular duties, records management activities were not always performed in a consistent manner, or as required.

RECOMMENDATION: Management should:

- strengthen controls over the records management function, especially for follow-up and destruction of records
- ensure sufficient staff resources are obtained, as needed
- consider finding solutions to reduce the amount of records stored by TTC, e.g., project files maintained by the Engineering and Construction Branch

**MANAGEMENT
RESPONSE:**

Bullet No. 1 – For the 2011 Annual Destruction program a request has been made of the Records Centre to provide specific box numbers (not totals) to facilitate an internal follow-up by TTC records staff to determine if the box is charged-out or if has been improperly shelved at the Records Centre.

Bullet No. 2 – A systematic review of all 333 charged-out boxes will be undertaken by the Records Management Clerk to determine status. This will be done on an annual basis in the future.

Bullet No. 3 – With upcoming changes to the TTC Records Retention Bylaw, meetings with E&C staff have resulted in some planned changes. For example, E&C will now be removing Soil records from their project files. Follow-up training is also scheduled upon completion of the bylaw update and the requirement to file by record

function will be a primary message. The biggest opportunity, however, for a reduction in textual records comes with the Electronic Records Management program currently being overseen by IT. Sharepoint 2010 is active in Transit Expansion and TYSSE. The system is ultimately capable of calculating and managing retentions at file level, so the expectation is a reduction in printing and related demand for off-site storage.

Bullet No. 4 – For the 2011 Annual Destruction program a standard email has been generated seeking justification for boxes not approved for destruction and an alternative destruction date.

Bullet No. 5 – The Co-ordinator – Records Management/FOI has reviewed this item with the Records Clerk to ensure the Box Management sheet is being updated daily.

Bullet No. 6 - The unit is back to full strength as at January 2011. Should the same situation arise in future, the GSO will immediately pursue the option of acquiring suitable replacement resources.

Responsibility:

1. General Secretary's Office
2. General Secretary's Office
3. General Secretary's Office/Information Technology Services

Status:

1. Partially complete. 200 of the 333 charged-out boxes have been reconciled as of June 2011. Investigation ongoing of status of boxes reported by the City as "not found" during the Annual Destruction program.
2. Complete
3. Partially complete. Record Retention By-law update expected to be at Commission for approval in September 2011. Incorporation of updated Record Retention Bylaw to current Sharepoint 2010 system can follow shortly thereafter. IT plans for extended roll-out of Sharepoint 2010 expected to be complete by year-end.

FINDING #4

MAIL DELIVERY SERVICES

OBJECTIVE: To determine that TTC internal mail delivery services are managed efficiently and effectively.

ANALYSIS: Audit's review of the mail delivery services noted the following items where improvement is required:

-
The McBrien Building mailroom does not have a posted schedule of daily duties and activities which are required to be performed. A posted schedule helps to ensure that activities are performed as required in an effective and efficient manner, and provides documentation to new employees in the event that mail delivery staff leaves or accepts other employment positions within the TTC.

-
The vehicle used to transport mail and parcels between the McBrien Building and other locations in the city does not have a cage or barrier to prevent parcels or packages from hurling forward and possibly hitting the driver. Since most of the parcels are stored in the back seat of the vehicle, there is a risk of injury to the mail clerk during deliveries and pickups in the event of an accident or sudden stopping of the vehicle.

RECOMMENDATION: Management should ensure:

- a documented mail delivery schedule for the McBrien Building mailroom is developed and posted
- the vehicle used for the McBrien Building mailroom service delivery has appropriate protective safety features for mail parcels and packages

MANAGEMENT RESPONSE:

1. The mail delivery schedule for the McBrien Building is now posted in the mailroom.
2. Vehicle Engineering is agreeable to providing the McBrien mail operation with a cargo van that would be suitable as an extended service vehicle. Vehicle Engineering

advises that several cargo vans are scheduled for replacement so they will assign a new vehicle at that time. This action has the dual benefit of improving the McBrien Building mail operation carrying capacity and addressing the safety recommendation in the Audit report.

Responsibility:

1. General Secretary's Office
2. General Secretary's Office/Vehicle Engineering

Status:

1. Complete
2. Partially Complete