

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: April 30, 2012

SUBJECT: INTERNAL AUDIT REPORT (JANUARY – MARCH 2012)

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Audit Committee receive for information the attached Internal Audit Report covering the period January – March 2012.

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 2012 Audit Committee Meeting.

April 30, 2012

01-27

Attachments – Internal Audit Reports

INTERNAL AUDIT REPORT

Covering Period:

JANUARY – MARCH 2012

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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.

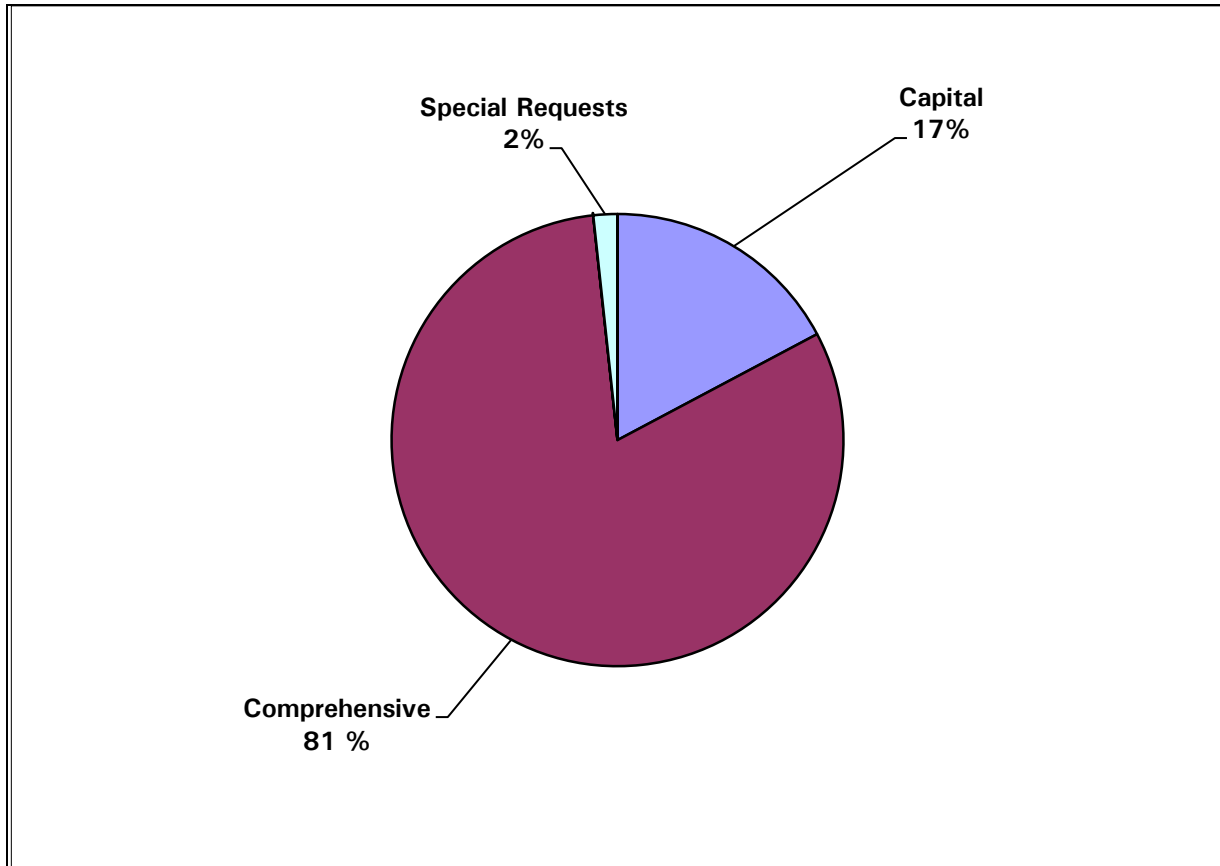
This report covers the main audit activities from January – March 2012.

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

- Comprehensive Audits:**
- **Finance - Capital Accounting Section**
 - **Safety and Environment Department**
 - **Construction Department**
 - **Rail Transportation – Streetcar Divisions**
 - **Information Technology Services Department – Client Services**

AUDIT RESOURCES

The distribution of audit resources for the current reporting period (January – March 2012) is portrayed in the chart below:



STATUS OF COMPREHENSIVE AUDITS

COMPREHENSIVE REPORTS	IN PROGRESS	COMPLETED	STATUS OF REPORTS
Engineering and Construction - Engineering		√	Audit Report Completed Final Meeting: To Be Scheduled
S/E/C - Communications/Communications Engineering	√		Draft Audit Report Completed Exit Meeting: To Be Scheduled Final Meeting: To Be Scheduled
Rail Cars and Shops - Subway Carhouses	√		
Station Operations and Collectors	√		Draft Audit Report Completed Exit Meeting: To Be Scheduled
Maintenance Engineering/Subway/SRT Track Section/Streetcar Way	√		
Finance Department - Payrolls and Costs			Deferred – Audit Plan under review.
Plant Maintenance - Elevators & Escalators	√		Draft Audit Report Completed Exit Meeting: To Be Scheduled
2012 AUDIT PLAN (Under Review)			
Materials and Procurement – Inventory Management	√		

STATUS OF CAPITAL AUDITS

CONSTRUCTION/CONSULTANT ASSIGNMENTS	IN PROGRESS	COMPLETED	STATUS OF REPORTS
YUS ATC Resignalling	√		In Progress
Fire Ventilation	√		In Progress
Purchase of Subway Cars			
<i>Toronto-York Spadina Subway Extention</i>			
Municipality/Utility/Property Costs		√	Final Meeting: To Be Scheduled
Construction Contracts	√		In Progress

* 2012 Audit Plan (Under Review)