TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE:

July 26, 2012

SUBJECT:

TTC AUDIT DEPARTMENT REPORT - QUARTERLY UPDATE

FOR THE PERIOD APRIL TO JUNE 2012

INFORMATION ITEM

RECOMMENDATION

It is recommended that the TTC Audit Committee receive for information the attached TTC Audit Department Report covering the period from April to June 2012.

BACKGROUND

The TTC Audit Department provides independent evaluations of the efficiency and effectiveness of control systems and operations, and recommendations for improvement.

DISCUSSION

The report discusses recent Audit activities. The actual reports for completed audits, including Management responses, are presented as individual agenda items.

The status of outstanding recommendations is reviewed with the appropriate management representative, and action taken to implement a recommendation is verified by standard audit procedures. An updated report of the status the implementation of recommendations will be prepared and submitted to the TTC Audit Committee at the October 2012 Audit Committee Meeting.

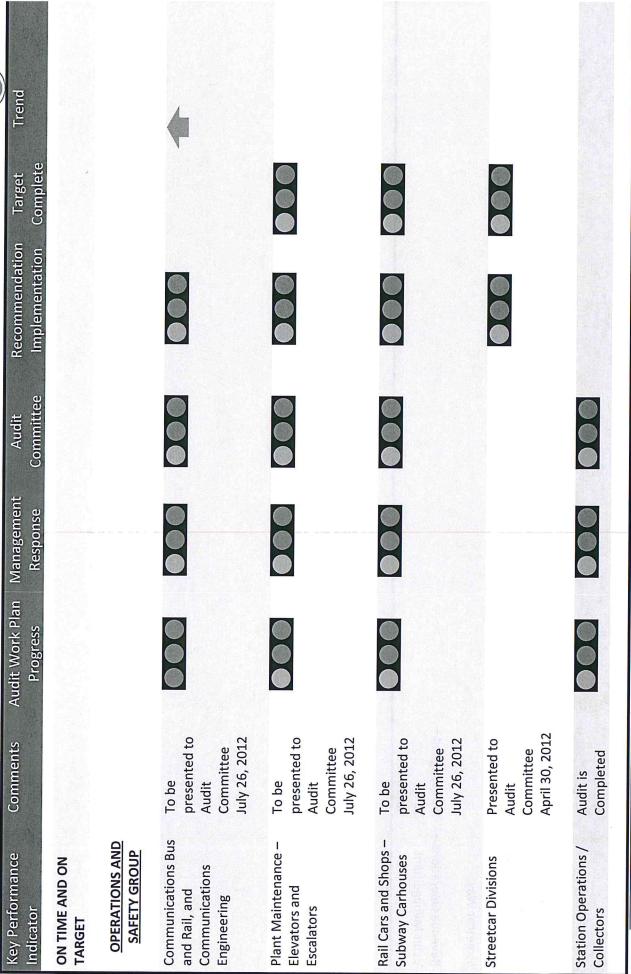
July 26, 2012 01-27 Attachments – Audit Reports

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AUDIT PERFORMANCE - STATUS OF CURRENT AUDITS



TTC AUDIT COMMITTEE MEETING: July 26, 2012 TTC Audit Department Report (April - June)

Trend								
Target Complete								
Recommendation Implementation								
Audit Committee								
Management Response								
Audit Work Plan Progress								
Comments			To be presented to Audit Committee July 26, 2012	Presented to Audit Committee April 30, 2012	To be presented to Audit Committee July 26, 2012			To be scheduled
Key Performance Indicator	ON TIME AND ON TARGET	ENGINEERING, CONSTRUCTION AND EXPANSION GROUP	Engineering Department	Construction Department	Capital Project – Fire Ventilation	TYSSE – Consultant Contracts	TYSSE – Construction Contracts	Capital Project – Union Station New Platform Project

Target Trend Complete						•
Kecommendation Implementation Cc						
Audit Committee						
Management Response						
Audit Work Plan Progress						
Comments A			Presented to Audit Committee April 30, 2012	Audit is in Progress	Presented to Audit Committee April 30, 2012	Audit is Completed
Key Pertormance Indicator	ON TIME AND ON TARGET	CORPORATE SERVICES GROUP	ITS Department – Client Services	Materials and Procurement Department – Inventory Management	Finance Department – Capital Accounting	Capital Project – Y-U-S ATC Resignaling

INTRODUCTION

Internal Auditing is defined by the Institute of Internal Auditors (IIA) as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." In accordance with its Role and Mandate, the TTC's Audit Department provides the TTC with independent evaluations of risk, and assessments on the effectiveness of control systems, quality of performance, and efficiency of operations.

In order to meet the professional audit standards, audits are planned using a risk-based evaluation to determine where audit resources should be allocated. The risk factors used to calculate the priority level are: (1) safety and security, (2) dollar value of assets at risk, (3) prior audit results, (4) potential liability or adverse publicity, (5) business process changes and complexity of operations, (6) adequacy of policies and procedures, (7) technological change and complexity of technology, (8) dollar amount of department budget, and (9) dollar value of transactions processed. The results of the risk assessment are documented by means of the Audit Work Plan which is approved annually by the TTC Audit Committee.

The TTC Audit Department performs the following types of assignments:

- Operational Audits to assess control systems and the achievement of "value-formoney" in operational areas following a risk-based evaluation to establish audit priorities
- Capital Audits to review major construction project expenditures to verify the accuracy of amounts claimed for work completed
- Financial to assess whether internal control processes over financial reporting and/or safeguarding of assets are suitably designed and implemented to achieve control objectives
- Investigations, Analyses and Special Reviews to address areas of immediate concern or exposure as identified by Management's request
- System Development Reviews to provide audit support to major computer system development and other technology projects
- Follow-up Audits to determine the progress that Management has made to comply with audit report recommendations and to assess the effectiveness of the action taken to minimize risks

AUDIT RESOURCES

The providing of professional audit services requires a staff possessing a diverse range of skills, experience and the ability to apply those skills throughout the audit process. By the application of these skills and compliance with professional auditing standards, the TTC Audit Department is to provide Management with meaningful audit reports containing practical recommendations to reduce control risks, and/or identify areas for improvement in the effectiveness and efficiency of the controls in place.

The current approved staffing level of ten positions includes the Head of Audit, three Audit Managers, five Auditors, and one Administrative Assistant. The distribution of audit resources for the current reporting period (April – June 2012) is portrayed in the chart below:

