

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: October 26, 2012

SUBJECT: STATUS UPDATE ON STAFF RESPONSE TO CONSTRUCTION
DEPARTMENT AUDIT REPORT DATED JUNE 2011

INFORMATION ITEM

RECOMMENDATION

It is recommended that the TTC Audit Committee receive the following status report for information on staff's response to the Construction Department Audit Report dated June 2011.

FUNDING

There are no funding implications.

BACKGROUND

At its April 30, 2012 meeting, the Audit Committee moved:

- a) That staff report back in six months on the status of the Construction Department's response to the June 2011 Internal Audit Report and further, that the report include a review and analysis of the City of Toronto Auditor's 2009 report, with options on how to maximize in-house knowledge and expertise, and recommendation on the appropriate mix of in-house vs. consultant staffing levels, and
- b) That the audit report be forwarded to the TTC Chief Executive Officer requesting a report be brought forward to the Commission on reviewing the procurement process and the project management approach for significant construction projects.

This report provides the requested update.

DISCUSSION

Item a)

All action items reported in the Construction Department's management response have now been completed:

- Convert consultant Senior Project Manager's position to TTC staff position – completed in July 2012.
- Conduct performance evaluation of individual in-house consultant staff – completed in June 2012.
- Complete safety training – completed in August 2012.
- Update procedures – completed in August 2012.

Furthermore, the City of Toronto Auditor's 2009 report was reviewed to assess options on how to maximize in-house knowledge and expertise and to achieve appropriate mix of in-house vs. consultant staffing. This review was done in conjunction with the Engineering, Construction and Expansion (ECE) Group's re-organization, which is currently underway. As a result, 14 consultant staff positions in the Construction Department will be filled by TTC staff, reducing the total number of budgeted consultant staff positions from 60 to 46. The re-organization is expected to be completed by year end with corresponding annual cost savings of approximately \$2M for the Construction Department.

Since 2005, the core Capital Program budget assigned to the ECE has significantly increased from around \$70M to over \$300M annually. To meet the increased project demands, additional resources were added. In addition, the American Public Transportation Association (APTA) was requested to conduct a peer review with focus on staffing level and utilization of in-house and external consultants complementing the TTC staff in delivering the increased project work.

The APTA Peer Review panel recommended increasing TTC staff level consistent with long term capital funding of \$150M - \$300M per year augmented by consultant staff for their special expertise and flexibility to support peak resource demands. As the capital budget varies from year to year due to change in priorities and identification of new project requirements, the need to utilize consultant staff for their special expertise and flexibility to support peak resource demands will continue. Annual review is undertaken to assess resource requirement and consultant staffing level is adjusted accordingly.

Item b)

The review of procurement process and the project management approach for significant construction projects will be reported to the Commission at its November 21, 2012 meeting.

JUSTIFICATION

This report responds to the motions made by the TTC Audit Committee concerning the TTC's Construction Department.

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