

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: October 26, 2012

SUBJECT: TTC AUDIT RECOMMENDATION PERFORMANCE
SCORECARD REPORT

INFORMATION ITEM

RECOMMENDATION

It is recommended that the TTC Audit Committee receive the information as set out below which provides the implementation status of outstanding audit recommendations.

FUNDING

There are no funding implications.

BACKGROUND

The TTC Audit Department provides independent evaluations of the efficiency and effectiveness of control systems and operations, and recommendations for improvement. Audit reports are intended to provide meaningful recommendations to assist TTC Management in achieving their objectives and identify opportunities that can improve the TTC's operations.

DISCUSSION

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. The semi-annual report of the status of the implementation of recommendations has been updated and is presented as an individual agenda item to the October 2012 TTC Audit Committee Meeting.

For the initial report, the covering period is from January to September as the report will now be presented to the spring and fall TTC Audit Committee meetings. All outstanding recommendations have been updated accordingly for this reporting period.

JUSTIFICATION

This report is provided for information.

October 26, 2012
1-27



TORONTO TRANSIT COMMISSION

TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD REPORT

UPDATE FOR THE PERIOD JANUARY TO SEPTEMBER 2012

TTC AUDIT DEPARTMENT
Joseph L. Kennelly, Head of Audit (Acting)
Phone: (416) 393-2030; Email: joseph.kennelly@ttc.ca

OCTOBER 2012

TABLE OF CONTENTS

Page No.

INTRODUCTION	1
TTC AUDIT RECOMMENDATIONS SUMMARY	2
TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD.....	3
AREAS FOR MANAGEMENT ATTENTION.....	7
AUDIT RECOMMENDATIONS CLOSED / NOT IMPLEMENTED	8

INTRODUCTION

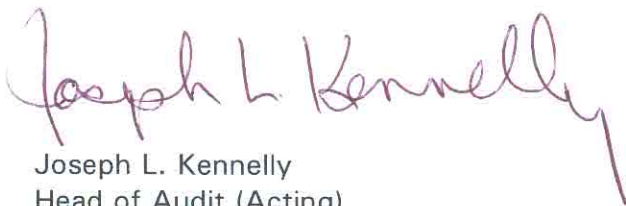
The "TTC Audit Recommendation Performance Scorecard Report" represents the TTC Audit Department's new semi-annual reporting format for the tracking and follow-up of audit recommendations. With this new reporting format, accountability for implementing recommendations to improve TTC's processes and controls is strengthened to ensure that "value-for-money" is achieved for our customers, taxpayers, and other stakeholders.

Audit reports are not produced to simply point out what is wrong. Rather, audit reports are intended to provide meaningful recommendations to assist TTC Management in achieving their objectives and identify opportunities that can improve the TTC's operations. The "performance scorecard" report provides information on the progress status of the audit recommendations that have been presented to the TTC Audit Committee. Through the use of "traffic light" symbols to highlight positive progress, as well as the areas with difficulties in achieving the implementation target date, accountability for the implementation of the audit recommendations is monitored.

The TTC Audit Department recognizes that corporate risks can change over time due to a number of events and various reasons, such as, organizational structure changes, introduction of new controls that reduce previous risks, or risks may no longer be considered high or present anymore. Therefore, the report has a section that allows flexibility to remove recommendations that have become outdated or are no longer relevant. When a recommendation has been closed or not implemented, the reasons or an appropriate explanation will be provided that must meet acceptable criteria for the closing or not implementing of the audit recommendation. However, the final decision as to when an audit recommendation is closed and removed from the report remains with the TTC Audit Department.

When a recommendation target date is not met, a summary will be provided in the "Areas for Management Attention" section of this report advising of the reason for the missed target date along with Management's action plan to get the recommendation back on schedule or an explanation for revising the target date.

By using a performance scorecard report, the TTC Audit Department aims to improve transparency, accountability and monitoring of audit recommendation implementation target dates throughout the entire audit process.



Joseph L. Kennelly
Head of Audit (Acting)

TTC AUDIT RECOMMENDATIONS SUMMARY



Audit Report	Release Date	Beginning of Period	New Additions	Completed/ Closed	End of Period
<u>OPERATIONS AND SAFETY GROUP</u>					
Signals/Electrical/ Communications Department – Communications and Communications Engineering	July 2006	1	-	1	-
Track and Structure Department	July 2008	4	-	-	4
Subway Transportation – Transit Control/Analysis and Procedures	January 2009	4	-	3	1
Revenue Operations	July 2009	2	-	2	-
Rail Cars and Shops – Harvey Shop	April 2011	2	-	1	1
Station Operations/Collectors	April 2011	2	-	2	-
Bus Maintenance – Duncan Shop and Fleet Management	January 2012	-	5	5	-
Plant – Building Equipment, Facilities and Plant Maintenance Engineering	January 2012	-	5	5	-
Rail Transportation – Streetcar Divisions	April 2012	-	3	3	-
Safety and Environment Service and System Assurance and Engineering	April 2012	-	5	5	-
Plant – Communications and Communications Engineering	July 2012	-	2	1	1
<u>ENGINEERING, CONSTRUCTION AND EXPANSION GROUP</u>					
Construction Department	April 2012	-	3	3	-
<u>CORPORATE SERVICES GROUP</u>					
Information Technology Services – Project Management and Quality Assurance	January 2010	1	-	-	1
Property Development	July 2010	1	-	1	-
Human Resources – Employment Services and Planning and Development	July 2011	1	-	-	1
General Secretary’s Office	July 2011	2	-	1	1
Information Technology Services – Technical Services	October 2011	1	-	-	1
Materials and Procurement – Purchasing and Sales	October 2011	1	-	1	-
Finance – Capital Accounting	April 2012	-	2	2	-
Information Technology Services – Client Services	April 2012	-	2	1	1
	TOTALS	22	27	37	12



TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD

Audit Report	Release Date	Number of Recommendations	Number Implemented	Number Closed and/or Not Implemented	Number in Progress	Percent of Target Achieved (%)	Recommendations Due in Next 6 Months	On Time and On Target Status
<u>OPERATIONS AND SAFETY GROUP</u>								
Signals/Electrical/Communications Department – Communications and Communications Engineering	July 2006	3	3	-	-	100%	-	
Track and Structure Department	July 2008	4	-	-	4	0%	2	
Subway Transportation – Transit Control/Analysis and Procedures	January 2009	5	4	-	1	80%	1	
Revenue Operations	July 2009	2	-	2	-	N/A	-	
Rail Cars and Shops – Harvey Shop	April 2011	4	3	-	1	75%	1	
Station Operations/Collectors	April 2011	3	1	2	-	N/A	-	
Bus Maintenance – Duncan Shop and Fleet Management	January 2012	5	5	-	-	100%	-	
Plant – Building Equipment, Facilities and Plant Maintenance Engineering	January 2012	5	5	-	-	100%	-	



TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD

Audit Report	Release Date	Number of Recommendations	Number Implemented	Number Closed and/or Not Implemented	Number in Progress	Percent of Target Achieved (%)	Recommendations Due in Next 6 Months	On Time and On Target Status
<u>OPERATIONS AND SAFETY GROUP (continued)</u>								
Rail Transportation – Streetcar Divisions	April 2012	3	3	-	-	100%	-	
Safety and Environment Service and System Assurance and Engineering	April 2012	5	3	2	-	N/A	-	
Plant – Communications and Communications Engineering	July 2012	2	1	-	1	50%	-	
<u>ENGINEERING, CONSTRUCTION AND EXPANSION GROUP</u>								
Construction Department	April 2012	3	3	-	-	100%	-	



TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD

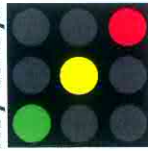
Audit Report	Release Date	Number of Recommendations	Number Implemented	Number Closed and/or Not Implemented	Number in Progress	Percent of Target Achieved (%)	Recommendations Due in Next 6 Months	On Time and On Target Status
CORPORATE SERVICES GROUP								
Information Technology Services – Project Management and Quality Assurance	January 2010	2	1	-	1	50%	1	
Property Development	July 2010	2	1	1	-	N/A	-	
Human Resources – Employment Services and Planning and Development	July 2011	5	4	-	1	80%	-	
General Secretary's Office	July 2011	4	3	-	1	75%	-	
Information Technology Services – Technical Services	October 2011	1	-	-	1	0%	-	
Materials and Procurement – Purchasing and Sales	October 2011	2	2	-	-	100%	-	
Finance – Capital Accounting	April 2012	2	2	-	-	100%	-	
Information Technology Services – Client Services	April 2012	2	-	1	1	50%	1	



TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD

Audit Report	Release Date	Number of Recommendations	Number Implemented	Number Closed and/or Not Implemented	Number in Progress	Percent of Target Achieved (%)	Recommendations Due in Next 6 Months	On Time and On Target Status
STRATEGY AND CUSTOMER EXPERIENCE GROUP								
There are no outstanding recommendations requiring audit follow-up.								
INVESTIGATIONS, ANALYSES AND SPECIAL REVIEWS								
There are no outstanding recommendations requiring audit follow-up.								

Key to Symbols



On target

Target at risk at current trend

Off target



AREAS FOR MANAGEMENT ATTENTION

Audit Report	Recommendations	Revised Target Date	Management's Updated Response
There are no outstanding recommendations requiring Management attention.			



AUDIT RECOMMENDATIONS CLOSED / NOT IMPLEMENTED

Audit Report	Recommendations	Target Completion	Reasons for Closing / Non-Implementation
<p>Safety and Environment Department – Safety and Environment Service / System Assurance and Engineering Report Ref. 10-50102 (August 2011) Release Date: April 2012</p>	<p>FINDING #1: SAFETY PROGRAM MANAGEMENT Management should ensure:</p> <ul style="list-style-type: none"> - WHMIS product safety information is maintained in accordance with the Occupational Health and Safety Act - documentation of spills and leaks supports action taken and provides useful information for management decision-making - a policy is developed for the respiratory protection program that includes standards for refitting and retraining TTC employees who require respiratory protection - HIRA process is evaluated for effectiveness in achieving TTC's safety goals and objectives 	<p>June 2012</p>	<p>All recommendations were completed/implemented with the exception of the evaluation of the HIRA process which will be replaced with a new process.</p>
	<p>FINDING #3: ZERO INJURY AWARDS PROGRAM Management should evaluate the costs and benefits of the Safety Awards program to determine that "value-for-money" and control is achieved for the TTC.</p>	<p>December 2012</p>	<p>Responsibility for the Zero Injury Awards program has been transferred to the Customer Communications Department. At the July 26, 2012 Audit Committee meeting, the Department reported that several measures have been implemented to improve accountability and control for funds for safety presentations.</p>



AUDIT RECOMMENDATIONS CLOSED / NOT IMPLEMENTED

Audit Report	Recommendations	Target Completion	Reasons for Closing / Non-Implementation
<p>Property Development Report Ref. 09-50080 (February 2010) Release Date: July 2010</p>	<p><i>FINDING #1: COMMUTER PARKING</i> Management should ensure that all the parking lots are reviewed for profitability and based on this a business plan is developed for each parking lot.</p>	<p>April 2012</p>	<p>Undertaking profit/loss analyses of every lot is not a good use of limited resources at this time as several commuter parking lots declared surplus by the TTC have been slated for redevelopment by Build Toronto. This exercise in itself will determine the number of lots in operation and the profitability impact over the next few years.</p>