

# TTC AUDIT COMMITTEE REPORT NO.

**MEETING DATE:** October 25, 2013

**SUBJECT:** TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD  
REPORT (APRIL 2013 TO SEPTEMBER 2013)

**INFORMATION ITEM:**

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**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 2013 TTC Audit Committee Meeting.

The covering period is from April to September 2013; all outstanding recommendations have been updated accordingly for this reporting period.

**JUSTIFICATION**

This report is provided for information.

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# TORONTO TRANSIT COMMISSION

## TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD REPORT

UPDATE FOR THE PERIOD APRIL 2013 TO SEPTEMBER 2013

TTC AUDIT DEPARTMENT  
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OCTOBER 2013

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## INTRODUCTION

The “TTC Audit Recommendation Performance Scorecard Report” represents the TTC Audit Department’s semi-annual reporting for the follow-up of audit recommendations. 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.



# TTC AUDIT RECOMMENDATIONS SUMMARY



| Audit Report   | Release Date | Beginning of Period | New Additions | Completed/ Closed | End of Period |
|--|--------------|---------------------|---------------|-------------------|---------------|
| <b><u>OPERATIONS GROUP</u></b>   |              |                     |               |                   |               |
| Track and Structure Department   | July 2008    | 3                   | -             | -                 | 3             |
| Rail Cars and Shops – Harvey Shop  | April 2011   | 1                   | -             | 1                 | -             |
| Plant – Communications and Communications Engineering                                  | April 2012   | 1                   | -             | -                 | 1             |
| Plant – Elevating Devices Section  | July 2012    | 1                   | -             | 1                 | -             |
| Revenue – Main Vault Control Review  | April 2013   | -                   | 1             | 1                 | -             |
| Rail Infrastructure – Streetcar Way  | October 2013 | -                   | 2             |                   | 2             |
| Rail Infrastructure – Subway/SRT Track and Maintenance Engineering                     | October 2013 | -                   | 3             | 2                 | 1             |
| <b><u>SERVICE DELIVERY GROUP</u></b>   |              |                     |               |                   |               |
| Collectors – 2013 Fare Change  | April 2013   | -                   | 4             | 4                 | -             |
| <b><u>ENGINEERING, CONSTRUCTION AND EXPANSION GROUP</u></b>                            |              |                     |               |                   |               |
| Capital Audit – Union Station Second Subway Platform and Concourse Improvement Project | October 2013 | -                   | 1             | 1                 | -             |
| Leslie Barns Maintenance and Storage Project   | October 2013 | -                   | 1             | 1                 | -             |
| <b><u>CORPORATE SERVICES GROUP</u></b>   |              |                     |               |                   |               |
| Human Resources – Employment Services and Planning and Development                     | July 2011    | 1                   | -             | -                 | 1             |
| General Secretary's Office   | July 2011    | 1                   | -             | -                 | 1             |
| Information Technology Services – Technical Services                                   | October 2011 | 1                   | -             | 1                 | -             |
| Materials and Procurement – Inventory Management                                       | October 2012 | 1                   | -             |                   | 1             |
| Materials and Procurement – Streetcar Way Contracts                                    | October 2013 | -                   | 2             | 2                 | -             |
| <b><u>INVESTIGATIONS, ANALYSES AND SPECIAL REVIEW</u></b>                              |              |                     |               |                   |               |
| Commission Services – Review of Video Surveillance – Privacy Practices (2013)          | October 2013 | -                   | 2             | -                 | 2             |
| <b>TOTALS</b>  |              | <b>10</b>           | <b>16</b>     | <b>14</b>         | <b>12</b>     |



# 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 |
|--|--------------|---------------------------|--------------------|--------------------------------------|--------------------|--------------------------------|--------------------------------------|------------------------------|
| <b><u>OPERATIONS GROUP</u></b>                                     |              |                           |                    |                                      |                    |                                |                                      |                              |
| Track and Structure Department                                     | July 2008    | 4                         | 1                  | -                                    | 3                  | 25%                            | 2                                    |                              |
| Rail Cars and Shops – Harvey Shop                                  | April 2011   | 4                         | 4                  | -                                    | -                  | 100%                           | -                                    | Complete                     |
| Plant – Communications and Communications Engineering              | April 2012   | 2                         | -                  | -                                    | 1                  | 50%                            | -                                    |                              |
| Plant – Elevating Devices Section                                  | July 2012    | 4                         | 4                  | -                                    | -                  | 100%                           | -                                    | Complete                     |
| Revenue – Main Vault Control Review                                | April 2013   | 1                         | 1                  | -                                    | -                  | 100%                           | -                                    | Complete                     |
| Rail Infrastructure – Streetcar Way                                | October 2013 | 2                         | -                  | -                                    | 2                  | 0%                             | 2                                    |                              |
| Rail Infrastructure – Subway/SRT Track and Maintenance Engineering | October 2013 | 3                         | 2                  | -                                    | 1                  | 67%                            | 1                                    |                              |
| <b><u>SERVICE DELIVERY GROUP</u></b>                               |              |                           |                    |                                      |                    |                                |                                      |                              |
| Collectors – 2013 Fare Change                                      | April 2013   | 4                         | 4                  | -                                    | -                  | 100%                           | -                                    | Complete                     |



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|--|--------------|---------------------------|--------------------|--------------------------------------|--------------------|--------------------------------|--------------------------------------|------------------------------|
| <b><u>ENGINEERING, CONSTRUCTION AND EXPANSION GROUP</u></b>            |              |                           |                    |                                      |                    |                                |                                      |                              |
| The Leslie Barns Maintenance and Storage Project                       | October 2013 | 1                         | 1                  | -                                    | -                  | 100%                           | -                                    | Complete                     |
| Union Station Second Subway Platform and Concourse Improvement Project | October 2013 | 1                         | 1                  | -                                    | -                  | 100%                           | -                                    | Complete                     |
| <b><u>CORPORATE SERVICES GROUP</u></b>                                 |              |                           |                    |                                      |                    |                                |                                      |                              |
| 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                  | -                                    | -                  | 100%                           | -                                    | Complete                     |
| Materials and Procurement – Inventory Management                       | October 2012 | 2                         | 1                  | -                                    | 1                  | 50%                            | 1                                    |                              |
| Materials and Procurement – Streetcar Way Contracts                    | October 2013 | 2                         | 2                  | -                                    | -                  | 100%                           | -                                    | Complete                     |



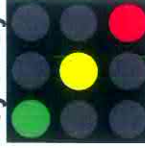


# TTC AUDIT RECOMMENDATION PERFORMANCE SCORECARD

| 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 |
|--------------|--------------|---------------------------|--------------------|--------------------------------------|--------------------|--------------------------------|--------------------------------------|------------------------------|
|--------------|--------------|---------------------------|--------------------|--------------------------------------|--------------------|--------------------------------|--------------------------------------|------------------------------|

|   |              |   |   |   |   |    |   |  |
|---|--------------|---|---|---|---|----|---|--|
| <b><u>STRATEGY AND CUSTOMER EXPERIENCE GROUP</u></b>                        |              |   |   |   |   |    |   |  |
| There are no outstanding recommendations requiring audit follow-up.         |              |   |   |   |   |    |   |  |
| <b><u>INVESTIGATIONS, ANALYSES AND SPECIAL REVIEWS</u></b>                  |              |   |   |   |   |    |   |  |
| Commission Services – Review of Video Surveillance-Privacy Practices (2013) | October 2013 | 2 | - | - | 2 | 0% | - |  |

### 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  |
|---|---|----------------------|--|
| <p><b>Track and Structure</b><br/>Report Ref. 07-30050 (May 2008)<br/>Release Date: July 2008</p> | <p><b>FINDING #4: STRUCTURE MAINTENANCE</b><br/>Management should improve communication processes within the Department, as well as, with other critical parties, and strengthen controls over the planning, scheduling and monitoring of Structure Maintenance activities. Specifically, operational control measures should be reviewed to ensure they are accurately calculated and meaningful.</p> <p>Previous Target Completion: December 2013</p>   | <p>August 2014</p>   | <p>The Project Manager has been hired and started in late July 2013.</p> <p>Presently looking at all the vacancies in the organization chart and prioritizing the hiring of those vacant positions into these key technical positions to improve the overall inspecting, tracking, monitoring, scheduling and communication of two way data flow that needs to get to the crews responsible for the repairs.</p> <p><b>[AUDIT NOTE: Audit concurs with the revised target date.]</b></p> |
| <p><b>Track and Structure</b><br/>Report Ref. 07-30050 (May 2008)<br/>Release Date: July 2008</p> | <p><b>FINDING #3: SUBWAY/ SRT TRACK INSPECTIONS</b><br/>Management needs to streamline and improve the coordination and monitoring of its track inspection program to ensure it is comprehensive and consistently adhered to by all staff. This involves:</p> <p>Reviewing all track inspection operating procedures and clarifying frequency standards, responsibilities and documentation requirements;</p> <p>Management needs to review its use and control over MOWIS (Maintenance of Way Information System) defect information. In particular, the status of security upgrades and implementation of other functionalities needs to be confirmed and completed. A formal operating procedure describing the departmental quality assurance process should be developed, including the planning process, review methodologies, documentation requirements, and progress reporting.</p> <p>Previous Target Completion: June 2013</p> | <p>December 2013</p> | <p>The TTC's external consultant (National Research Council) is still working on delivering final recommended track standards. Expected delivery date is now December 2013.</p> <p><b>[AUDIT NOTE: Audit concurs with the revised target date.]</b></p>  |



## AREAS FOR MANAGEMENT ATTENTION

| Audit Report   | Recommendations   | Revised Target Date  | Management's Updated Response  |
|--|---|----------------------|--|
| <p><b>General Secretary's Office</b><br/>           Report Ref. 10-50020 (April 2011)<br/>           Release Date: July 2011</p> | <p><b>FINDING #3: RECORDS MANAGEMENT</b><br/>           Management should consider finding solutions to reduce the amount of records stored by TTC, e.g., project files maintained by the Engineering and Construction (E&amp;C) Branch.</p> <p>Previous Target Completion: December 2013</p> | <p>December 2015</p> | <p>Estimated date to complete SharePoint was revised to be December 2015; per ITS Department, which is responsible for the action item.</p> <p><b>[AUDIT NOTE: Status of progress will be reviewed in six months' time.]</b></p> |



## AUDIT RECOMMENDATIONS CLOSED / NOT IMPLEMENTED

| Audit Report | Recommendations | Target Completion | Reasons for Closing / Non-Implementation |
|--------------|-----------------|-------------------|--|
|              |                 |                   |  |