

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: February 11, 2014

SUBJECT: TTC AUDIT DEPARTMENT – ORGANIZATIONAL
INDEPENDENCE

INFORMATION ITEM

RECOMMENDATION

It is recommended that the TTC Audit Committee receive the information as set out below which provides confirmation of the independence of the TTC's Audit Department.

FUNDING

There is no funding implication.

BACKGROUND

The Institute of Internal Auditors' (IIA) professional standard "1100 – Independence and Objectivity" states that an audit department "must confirm to the board, at least annually, the organizational independence of the internal audit activity." The Head of Audit must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities.

This report confirms to the TTC Audit Committee that the TTC Audit Department meets the organizational independence requirement as set by the IIA.

DISCUSSION

The TTC Audit Department's organizational independence is effectively achieved as the Head of Audit reports functionally to the TTC Audit Committee and administratively to the Chief Executive Officer of the TTC. By this reporting structure, the TTC Audit Committee supports the independence of the internal audit activity by:

- approving the TTC Audit Department charter
- approving the risk-based annual audit work plan, and related budget and resource allocation
- receiving communications from the Head of Audit on the internal audit activity's performance relative to the audit work plan, and or any other relevant audit matters

- making appropriate inquiries of management and the Head of Audit to determine whether there are inappropriate scope or resource limitations

JUSTIFICATION

Confirmation of the TTC Audit Department's organizational independence is an annual requirement for compliance with the Institute of Internal Auditors' professional standards.

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