

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: February 11, 2014

SUBJECT: TTC AUDIT METHODOLOGY – UNION STATION SECOND
SUBWAY PLATFORM AND CONCOURSE IMPROVEMENTS
PROJECT

INFORMATION ITEM

RECOMMENDATION

It is recommended that the TTC Audit Committee receive for information a presentation entitled TTC Audit Methodology – Union Station Second Subway Platform and Concourse Improvements Project.

1.27

Attachment - Presentation

TTC Audit Methodology

UNION STATION SECOND SUBWAY
PLATFORM AND CONCOURSE
IMPROVEMENTS PROJECT



PRESENTATION OUTLINE

- Introduction
- Audit Approach
- Audit Scope
 - Project Management
 - Contract Management
- Audit Findings
- Future Audit Considerations



INTRODUCTION

- Union Station Second Subway Platform and Concourse Improvements Project is one of the priorities for the Toronto Waterfront Revitalization Corporation (TWRC)
- TTC has been given responsibility for project planning, design and construction of this project
- Funding is provided by Federal, Provincial and City of Toronto for a combined total of \$161.55 Million
- Risk based audits planned and performed over the life of the project as approved in audit work plans.

AUDIT APPROACH

- Audit Objective – to assess project management controls and adherence to key contractual terms and conditions.
- Key risk areas identified based on discussion with Project Team members and review of correspondence files, meeting minutes and contracts. Follow-up of issues identified in prior audits are reviewed.
- Contracts are selected for review based on life-to-date (LTD) expenditures at time of the audit work plan development.
- Reasonableness and accuracy of TTC Labour and Non-Labour expenditures reviewed annually.

AUDIT SCOPE – PROJECT MANAGEMENT

- Project Risk Management
 - Review of controls over the construction project risk register
 - Comparison to “best practices”
- Project Communications
- Quality Management
 - Review quality control plans, inspection and testing results
- Schedules and Milestones
 - Assess adequacy of supporting documentation and reasonableness of corrective action taken, if required.

AUDIT SCOPE – CONTRACT MANAGEMENT

- Contract Management controls reviewed for:
 - 2007 – Clearway Construction – Union Station Sewer Relocation (Contract U2-2; LTD - \$0.9 million)
 - 2010 – AECOM Canada – Design Consultant (Contract U85-6; LTD \$7.8 million)
 - 2012 – Ellis Don Corporation – Construction (Contract #U2-7; LTD \$41.5 million)
- Assessment of financial controls and review of documentation to support billing rates, certificates of payment and contract changes

AUDIT FINDINGS

- 2007 – Adequate documentation found to support payments and project charges. No audit recommendations put forward.
- 2010 – Audit identified errors in billing rates for three AECOM consultant staff. TTC subsequently recovered \$5,183 and corrected the billing rates going forward.
- 2012 – Adequate project management controls established and documentation found to support payments and project charges. However, overall schedule delay was highlighted. No audit recommendations put forward.



FUTURE AUDIT CONSIDERATIONS

- Construction Costs
- Contract Changes and Charge-back Process
- Claims Management and Legal Litigation
- Project Close-out and Deficiency Management

