



Minutes

Toronto Transit Commission Audit & Risk Management Committee

Meeting No.: 14

Meeting Date: Tuesday, May 29, 2018

A meeting of the TTC Audit & Risk Management Committee was held in the 7th Floor Executive Board Room, 1900 Yonge Street on Tuesday, May 29, 2018 commencing at 9:30 a.m.

Present at Public Session

J. Colle (Chair), V. Crisanti, A. Heisey, Q.C. and R. Lalonde (Members), J. Fraser (Deputy Chief Operating Officer (Acting)), C. Greenwood (Deputy Chief Service Officer), M. MacRae (Executive Director – Human Resources), J. O’Grady (Chief Safety Officer), G. Piemontese (Chief People Officer), J. Ross (Acting Chief Operating Officer), J. Taylor (Chief of Staff), K. Watson (Chief Customer Officer/Deputy CEO), D. Wright (Chief Financial Officer), T. Bal (Office of the Chief Financial Officer), A. Cassar (Director – Budgets, Costing and Financial Reporting), S. Chakravorty (Senior Internal Auditor), Y. Chen (Manager – Internal Audit), T. Coelho (Manager – Financial Reporting), S. Conforti (Head – Finance and Treasurer), W. Hafez (Risk Advisor), M. Ismail (Principal Risk Advisor), C. Leach (Acting Head – Internal Audit), P. Laurin (Head - Engineering), A. Lim (Supervisor – Accounting Policy and Financial Statements), N. Pazzano (Risk Advisor), A. Pritchard (Head – Bus Maintenance), L. Romano (Manager –CEO Business Support & Council Relations (Acting)), L. Rodo (Risk Advisor), R. Smith (Head – Bus Transportation), E. Wiggins (Head – Wheel-Trans), K. Lee (Head of Commission Services) and C. Finnerty (Co-ordinator – Secretariat Services) were present.

D. Magisano (Mayor’s Office) and D. Stewart (Chair’s Office) were also present.

C. Russell (PricewaterhouseCoopers LLP) was present for Items 1 and 2.

B. Romeo-Beehler, S. Ali, F. Hanif and J. Ying (Auditor General’s Office) were present for Items 4 and 5.

Declaration of Interest - Municipal Conflict of Interest Act

Nil

Minutes of the Previous Meeting

Commissioner Lalonde moved that the Audit & Risk Management Committee approve the minutes of the meeting held on Wednesday, April 11, 2018.

The motion by Commissioner Lalonde carried.

Business Arising Out of the Minutes

Nil

Public Presentations

Nil

Presentations/Reports/Other Business

1. PricewaterhouseCoopers LLP Audit Results Report on the Toronto Transit Commission Consolidated Financial Statements for the Year Ended December 31, 2017

It is recommended that the TTC Audit & Risk Management Committee:

1. Approve the report; and
2. Approve forwarding a copy of the approved consolidated financial statements of the TTC to the TTC Board and then to the City Clerk for appropriate handling.

Approved

2. Draft Consolidated Financial Statements of Toronto Transit Commission for the Year Ended December 31, 2017

It is recommended that the TTC Audit & Risk Management Committee:

1. Approve the report; and
2. Approve forwarding a copy of the approved consolidated financial statements of the TTC to the TTC Board and then to the City Clerk for appropriate handling.

Approved

3. Draft Annual Report for the Toronto Transit Commission for 2017

It is recommended that the TTC Audit and Risk Management Committee:

1. Approve the report.

Approved

4. Accounts Receivable Considered Uncollectible

The Audit & Risk Management Committee received the report for information.

5. Auditor General's Report: Toronto Transit Commission – Managing Telecommunication Contracts and Payments

The Auditor General recommends that:

1. The Board request the Chief Executive Officer, Toronto Transit Commission, to work collaboratively with the City Chief Information Officer to evaluate the existing wireless service contracts for best value based on current needs. Staff should be advised to use telecommunication services contracts that offer the best value subject to terms and conditions.
2. The Board request the Chief Executive Officer, Toronto Transit Commission, to expedite the evaluation of the land lines excluded from Phase 1 VOIP implementation, and a detailed plan should be developed for implementation of VOIP throughout the TTC to achieve intended savings.
3. The Board request the Chief Executive Officer, Toronto Transit Commission, to develop and implement procedures to:
 - a. Maintain an up to date inventory of all telecommunication services (wireless plans, land lines, cellular modem subscriptions and communication circuits)
 - b. Identify and disconnect unused telecommunication services (wireless plans, land lines, cellular modem subscriptions and communication circuits) on a timely basis. Information reports, such as phones with no activity and staff with multiple phone lines should be developed for ongoing periodic review.
4. The Board request the Chief Executive Officer, Toronto Transit Commission, to review and evaluate the unused telecommunication services identified during the audit, and terminate those services that are no longer needed.
5. The Board request the Chief Executive Officer, Toronto Transit Commission, to develop a procedure to have end-user department staff review and verify telecommunication service invoices before payment.

6. The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure staff are fully aware of the telecommunication contract clauses, and that services and payments are managed accordingly. The staff should be provided with copies of the current telecommunication contracts and be informed of ongoing changes.
7. The Board request the Chief Executive Officer, Toronto Transit Commission, to:
 - a. Update current invoice verification procedure to include the use of available electronic data provided by vendors
 - b. Ensure staff conduct detailed invoice verification as per the documented invoice verification procedure.
8. The Board request the Chief Executive Officer, Toronto Transit Commission, to work with the vendors to obtain credits or refunds for overpayments identified during the audit.
9. The Board request the Chief Executive Officer, Toronto Transit Commission, to evaluate, in the light of overpayments and incorrect charges identified during the audit, whether a review of prior period payments and charges is needed. A temporary summer student could be hired to complete such a review, once a review period is determined.
10. The Board request the Chief Executive Officer, Toronto Transit Commission, to obtain missing telecommunication service pricing agreements identified during the audit, and ensure that all payments adhere to the agreed prices. The overpayments, if any relating to prior periods should be recovered from the vendors accordingly.
11. The Board request the Chief Executive Officer, Toronto Transit Commission, to implement a process for TTC capital projects involving information technology work to ensure:
 - a. IT Services Department is consulted for technology related work
 - b. Detailed estimates are prepared during planning, and adequately reviewed prior to the award of the work
 - c. Purchase orders are issued on a timely basis prior to the start of the work
 - d. Adequate documentation is obtained before payments are approved.
12. The Board request the Chief Executive Officer, Toronto Transit Commission, to implement a telecommunication inventory management system to track all wireless devices and equipment from time of purchase to disposal.

13. The Board request the Chief Executive Officer, Toronto Transit Commission, to implement policies and procedures relating to:
 - a. Enrollment of devices on wireless device management application
 - b. Requiring timely return of existing wireless devices when new devices are issued
 - c. Tracking of returned devices, ensuring timely deletion of corporate data on returned devices and maintaining records of data deletion.
14. The Board forward this report to City Council for information through the City's Audit Committee.

Approved

6. Auditor General's Report: Toronto Transit Commission – 2018 Results of Follow-up of Previous Audit Recommendations

The Auditor General recommends that:

1. The Toronto Transit Commission Audit and Risk Management Committee receive this report for information and forward the report to the Toronto Transit Commission Board.

Approved

7. Internal Audit Quarterly Update: Q1 2018

The Audit & Risk Management Committee received the report for information.

8. Risk of Employee Impairment Leading to a Catastrophic Event

The Audit & Risk Management Committee received the report for information.

The meeting adjourned at 10:31 a.m.