



**For Action
with Confidential Attachment**

Internal Audit Report: Divisional Clerk Resource Management (2018 Flexible Work Plan Update)

Date: February 26, 2019
To: Audit and Risk Management Committee
From: Head of Internal Audit

Reason for Confidential Information

This report contains information about labour relations.

Summary

Internal Audit reviewed Divisional Clerk resource management to assess TTC's progress in the monitoring and reduction of clerical overtime, recognizing that divisional clerks incur relatively high levels of overtime, i.e., approximately \$1.5 million per year in 2017 and 2018. Gaps in the oversight of divisional clerks and resourcing issues contribute to the risk of inefficiencies and unnecessary clerical overtime.

Based on discussions and review of Internal Audit's observations, Executive Management has acknowledged gaps in the management of divisional clerks and resourcing issues which increase the risks of inefficiencies and unnecessary overtime. Results from this review will be summarized and reflected in a Management Action Plan (MAP) prepared to address Internal Audit's observations and identified risk/control gaps. The MAP will be presented at a future Audit and Risk Management Committee (ARMC) meeting for information.

Recommendations

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

1. Receive the confidential information as set out in the Internal Audit Report: Divisional Clerk Resource Management (2018 Flexible Audit Plan Update) report for information, noting that it is to remain confidential in its entirety as it contains information about labour relations.
2. Forward a copy of the confidential information as set out in the Internal Audit Report: Divisional Clerk Resource Management (2018 Flexible Audit Plan Update) to the TTC Board for information, noting that it is to remain confidential in its entirety as it contains information about labour relations.

Financial Summary

The recommendations in this Report have no additional funding implications beyond the costs of the Internal Audit Department that were included in the 2018 Operating Budget and approved by the TTC Board on November 28, 2017.

Equity/Accessibility Matters

There are no accessibility or equity impacts associated with this report.

Decision History

The Internal Audit Department identified in its 2018 Flexible Audit Work Plan, approved by the Audit and Risk Management Committee (ARMC) on February 15, 2018, its intention to conduct follow-up audit work. The Department is required to provide the ARMC with an update on the status of planned assurance projects.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2018/February 15/Reports/6 TTC Internal Audit 2018 Flexible Audit Work Plan.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2018/February%2015/Reports/6%20TTC%20Internal%20Audit%202018%20Flexible%20Audit%20Work%20Plan.pdf)

Issue Background

TTC Internal Audit has historically focused on assessing the adequacy of controls to monitor and minimize clerical overtime as part of broader audits of Divisional Management. Additionally, in her 2015 Continuous Controls Monitoring Program report, the City of Toronto Auditor General cited the need to improve corporate level monitoring and reporting of overtime. We reviewed Divisional Clerk resource management to assess TTC's progress in this area, recognizing that divisional clerks incur relatively high levels of overtime, i.e., approximately \$1.5 million per year in 2017 and 2018.

In 2016, in an effort to add more clerical oversight, TTC converted one District Office Supervisor position to Manager – Clerical Services, and job titles for the four remaining District Office Supervisors were changed to Assistant Managers – Clerical Services. We assessed the management of divisional clerks and existing controls for overtime monitoring under this new clerical management model, noting that one Assistant Manager – Clerical Services position was vacant during our audit period.

Lastly, we assessed whether overtime and the optimal use of clerical resources is being considered in conjunction with the implementation of large corporate initiatives. Through workforce planning, Management can realize significant efficiencies made possible by transformational projects such as Vision, SAP and PRESTO.

Comments

The objective of our audit was to assess divisional clerk resource management practices and processes for controlling and monitoring overtime. We acknowledge our audit was carried out in 2018 during a period of significant change within the Divisions. Specifically, Management was in the process of hiring new Clerical Management staff, and clerks were supporting a large operator hiring initiative while also addressing the impact of a major change in the maximum allowable work hour threshold for all workers (capped at 48 hours per week). We also considered resource management and overtime practices applicable to all Divisions by including a review of pertinent documents (Divisional Clerk Initial Resource Book, Online Attendance Reporting System (OARS) Guide, Collective Bargaining Agreement, Memorandums of Agreement and managerial job descriptions).

A detailed report has been provided to Executive Management to provide further information on the results of our audit.

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