



Audit, Risk and Compliance – Work Plan Status Update

Date: June 1, 2023
To: Audit and Risk Management Committee
From: Head of Audit, Risk and Compliance

Summary

The Audit, Risk, and Compliance Department (ARC) 2023 Work Plan was presented and approved by the Audit Risk Management Committee on February 13, 2023. The list of audit assurance projects identified for completion in 2023 are performed in addition to advisory or special requests subsequently put forward for ARC's consideration. Also, in 2023, ARC is facilitating the re-establishment of the TTC's Corporate Enterprise Risk Management program and continuing to partner with TTC Legal to enhance the Executive Compliance Certificate and related activities.

This report fulfills the expectation of seeking approval for any changes to the previously approved ARC – 2023 Audit Plan, and for providing updated information with respect to ARC's progress and additional activities.

Recommendations

It is recommended that the Audit and Risk Management Committee:

1. Approve the addition of the Fare Evasion Review to the ARC – 2023 Audit Plan, attached as Attachment 1 to this report.

Financial Summary

The implementation of the ARC Audit Plan has no funding implications beyond the costs of the Audit, Risk, and Compliance Department that were included in the 2023 Operating Budget and approved by the TTC Board on January 9, 2023, and by City Council on February 15, 2023.

The Chief Financial Officer has reviewed this report and agrees with the financial summary information.

Equity/Accessibility Matters

The independent assurance and advisory work of the ARC Department supports TTC leadership efforts to continuously improve controls and integrate risk management into processes that drive the achievement of corporate goals and objectives, including accessibility, diversity, and inclusion.

Decision History

The Audit, Risk, and Compliance Department (ARC) 2023 Work Plan was presented and approved by the Audit Risk Management Committee on February 13, 2023. The package of signed TTC Executive Compliance Certificates covering the period ending December 31, 2022 was also submitted to the ARMC on February 13, 2023.

[Audit, Risk and Compliance \(ARC\) – 2023 Audit Plan Executive Compliance Certificates – CEO Submission \(2022\)](#)

In accordance with the ARC Audit Charter, subsequent changes to the 2023 Work Plan are presented to the ARMC for approval.

Issue Background

The ARMC assists the TTC Board in fulfilling its oversight responsibilities in a number of areas, including: audit function, regulatory audits, system of internal control, compliance with laws and regulations, enterprise risk management and internal special investigation activities.

While it is the responsibility of TTC business areas to formulate policies and enforce compliance with plans and strategies, ARC can support those directly accountable for ensuring such plans achieve their stated objectives by providing management with independent assurance or function in an advisory capacity.

Comments

Audit Assurance Projects

As of the date of this report, ARC staff has substantially completed fieldwork for two large assurance projects and is working with accountable management to validate ARC's observations and finalize agreed-upon management action plans to address critical items. The two projects are:

- Operator Hiring, Onboarding, and Retention
- Subway Car Maintenance Program

ARC has also initiated the completion of a comprehensive, two-phased 2023 Fare Evasion review in response to a management request. The Head of ARC discussed the addition of this item with the ARMC Chair on April 12, 2023. Given the substantial

nature and use of ARC resources to complete this study, consideration is being given to which assurance project(s) planned for 2023 may require deferral.

Enterprise Risk Management (ERM)

ARC has worked with the TTC's Procurement and Category Management Department to secure a vendor that will supplement ARC staff efforts to re-establish a corporate Enterprise Risk Management program.

In anticipation of this engagement, ARC staff met with each member of the Executive Team, all ARMC members and select Senior Management to identify key enterprise risks. ARC is in the process of collating and prioritizing this preliminary risk listing, and will provide it to the selected consultant for review and validation as part of their formal engagement.

Executive Compliance Certificate (ECC)

ARC continues to work with the Executive Team to address items identified as opportunities for process improvements on signed certificates and status of previously agreed upon corrective action plans. Enhancements for the third certificate that will be signed off at the end of the year are also being explored in partnership with TTC Legal.

Other Activities

ARC continues to play a critical role in supporting the City Auditor General (AG) to ensure deadlines for updated management response submissions are met, and to support accountable TTC Executives and their staff to provide complete responses that will be published in documents presented to the City of Toronto Audit Committee in July 2023. When the AG returns in the fall of 2023 to complete follow-up and validation work, ARC will facilitate the process and discussions between the AG and TTC Executives as deemed appropriate and necessary. The AG will then present the results of their work to the ARMC and Board as part of their regular process leading up to submission of their report to the City of Toronto Audit Committee in November 2023.

ARC is also regularly prompted by various internal stakeholders to comment on identified issues or topics, which ARC staff will engage in relevant discussions and documentation review to provide meaningful feedback in a timely manner. Operational areas include ARC in discussions where input on potential control improvements or co-ordination of action plans are proactively being explored.

Contact

Viraj Chandrakanthan, Head – Audit, Risk and Compliance
416-393-2030
viraj.chandranathan@ttc.ca

Signature



Viraj Chandrakanthan
Head – Audit, Risk and Compliance

Attachments

Attachment 1 – ARC – 2023 Audit Plan (Revised)

ARC – 2023 Audit Plan (Revised) – Assurance Reviews

#	Project Name	Description	Rationale
1	Transit Security	A review of the process and controls over the activities of the Transit Security group and related activities to maintain safety while on the transit system.	High on the radar. Customer and reputational impact.
2	Business Continuity	A review of governance, process, and controls over the business continuity pilot program.	High on the radar. Important to put it in place.
3	Operator Hiring, Onboarding, and Retention	A review of the structure, governance, process, and controls over hiring, onboarding as well as retention of Operators.	Core to business. A large portion of the employee base.
4	Transit Control	A review of governance, process, and controls over Transit Control.	Critical operational area.
5	Subway Car Maintenance Program	A review of governance, process and controls over subway car maintenance.	Critical operational area. Failure can have reputational and safety impacts.
6	Capital Expenditure Projects	A review of the portfolio governance, process, and controls for capital expenditure projects.	Significant expenditure.
7	2023 Fare Evasion Study	A two-phased review of key fare inspection processes and calculation of current fare evasion rates.	High on the radar. Financial and reputational impact.