



Audit, Risk, and Compliance – 2024 Audit Plan

Date: November 14, 2023

To: Audit & Risk Management Committee

From: Head of Audit, Risk, and Compliance

Summary

ARC Audit Plan

An Audit, Risk, and Compliance (ARC) Audit Plan is a listing of reviews that the ARC Department intends to perform. Focusing ARC resources on the right areas optimizes providing value to the TTC, with value defined as obtaining objective assurance and insight.

ARC takes into consideration a variety of inputs to identify planned work for the year. These inputs include:

- Interaction and discussion with Executive Management and select Senior Management;
- Interaction and discussion with the External Auditor;
- Interaction and discussion with the Audit and Risk Management Committee (ARMC) Chair;
- An audit universe risk assessment; and
- External literature and news events from professional bodies and organizations.

The Audit Plan for 2024, consisting of the following projects, is being submitted for review and approval by the Committee:

1. Capital Expenditures – Project (Portfolio) (deferred from 2023)
2. Hiring, Onboarding and Retention of Non-Operators
3. Elevator Maintenance
4. Actuarial Reserves
5. Station Passenger Intercoms
6. IT General Controls

These projects are completed in addition to any unplanned advisory work and special requests. ARC has also dedicated resources to facilitate re-establishing the TTC's Enterprise Risk Management program and to support Executive Compliance Certificate activities.

Recommendations

It is recommended that the Audit and Risk Management Committee:

1. Approve the ARC Audit Plan (2024) – attached as Attachment 1 to this report.

Financial Summary

The implementation of the 2024 ARC Audit Plan does not require any additional funding beyond the proposed 2024 Operating Budget for the ARC Department, which is substantially consistent with the approved 2023 Operating Budget.

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

Equity/Accessibility Matters

The TTC is committed to promoting and supporting accessibility, diversity and inclusion in all corporate policies, procedures, processes, programs and services to reflect and respond to the needs of our customers and employees. Internal Audit within the ARC Department performs independent assurance and advisory work that supports TTC leadership efforts to continuously improve controls and integrate risk management into processes that drive the achievement of corporate goals and objectives.

Decision History

The TTC Board reaffirmed the mandate of the TTC Audit and Risk Management Committee (ARMC) on November 16, 2020. 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. A requirement of the ARMC is to approve the annual audit plan.

Issue Background

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 reassurance. ARC also acts in an advisory capacity.

Comments

Overview

ARC is committed to working collaboratively with TTC leadership to provide independent assurance reviews, advisory services and special requests.

ARC has an integrated team of professionals with diverse skills and experience who currently perform these activities. ARC can also use resources through a co-sourcing resource model to ensure greater flexibility in performing projects, both in terms of addressing current capacity issues and meeting subject matter expertise requirements.

Assurance reviews can cover various organizational areas, functions and/or initiatives. These reviews are risk-based, where the scope, objectives, nature and extent of testing are customized accordingly. These reviews are subject to annual planning.

Advisory and special requests are typically prompted by management for ARC to advise an area of the business based on a prescribed scope. Advisory and special requests may be initiated throughout the year and are assessed on a number of factors prior to being accepted. Factors considered may include plans for future assurance reviews, ARC staff skill sets, and alignment with corporate objectives.

ARC Planning Considerations

The Head of ARC solicits input from Executive Management, select Senior Management, external auditors and the ARMC Chair to ensure areas considered to be of high importance are covered directly as part of the Audit Plan or the broader activities supported by ARC.

Also, ARC's knowledge gained over the years through the completion of various assurance and advisory projects as well as consulting external literature and news events from professional bodies and organizations to better understand the current and emerging risk areas, assists in the identification of potential areas for review.

ARC's completion of a risk assessment of the TTC audit universe also supports the identification of potential review projects.

ARC uses the above sources to generate a list of potential assurance review projects that could be performed during the year. These are then considered in conjunction with other activities that need to be performed and resource capacity constraints to determine the number and nature of reviews to be conducted.

The proposed assurance reviews to be approved by the ARMC are as follows:

1. Capital Expenditures – Project (Portfolio) (deferred from 2023)
2. Hiring, Onboarding and Retention of Non-Operators
3. Elevator Maintenance
4. Actuarial Reserves
5. Station Passenger Intercoms
6. IT General Controls

Flexibility exists to add, modify, remove or postpone assurance reviews, as appropriate, based on business circumstances. All changes will be reported to the ARMC for approval.

Contact

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Signature

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Attachments

Attachment 1 – ARC 2024 Audit Plan

Attachment 1 – ARC – Proposed 2024 Audit Plan – Assurance Reviews

#	Project Name	Description	Rationale
1	Capital Expenditures - Projects (Portfolio)	A review of governance, process, and controls surrounding capital expenditures/projects at a portfolio level.	Significant expenditure (2023 Capital Budget - \$1.3B)
2	Hiring, Onboarding and Retention of Non-Operators	A review of the structure, governance, process and controls over hiring and onboarding of Non-Operator roles.	Core to business Captures remaining employee base
3	Elevator Maintenance	A review of processes and controls over maintenance of elevators.	State of good repair Reassurance
4	Actuarial Reserves	A review of process and controls over actuarial reserves.	Significant exposure
5	Station Passenger Intercoms	A review of process and controls over maintenance and responding to passenger intercoms at stations.	Failure can have reputational and safety impact
6	IT General Controls	A review of IT General Controls for TTC systems.	IT resiliency Reassurance