

Internal Audit Toronto Transit Commission

Internal Audit

Role and Mandate

Organization

Budget Goals and Objectives

Role and Mandate

Approved: September 1995

Mandate

The Toronto Transit Commission (TTC) supports Internal Audit as a service to the TTC in the discharge of its responsibility. Internal Audit shall provide independent evaluations of the related risk and effectiveness of the TTC's control systems, the quality of performance, and efficiency of operations.

Role

Internal Audit will independently examine and objectively appraise the adequacy and effectiveness of management, financial and operational controls, business processes, as well as provide recommendations for continuous improvements. Internal Audit is to have full and unrestricted access to all corporate records, property, and personnel relevant to the fulfilment of its responsibility.

To accomplish its role, Internal Audit will:

- Develop and carry out an audit plan based on a risk assessment of the TTC's operations.
- Ascertain the extent of compliance with the TTC's and Governments' policies, processes, and regulations.

- Review the reliability and integrity of financial information and the means used to identify, measure, classify, and report such information.
 - Ascertain the extent to which the TTC's assets are accounted for and are safeguarded from losses of all kinds, and as appropriate, verify the existence of such assets.
 - Appraise the economy and efficiency with which resources are employed, and identify opportunities to improve operating performance and achieve value-for-money.
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- Review operations, projects, and programs to ascertain whether results are consistent with established objectives and goals, and whether they are being carried out as approved and planned.
 - Evaluate information technology systems, including software and hardware, to ensure that such systems incorporate controls for data integrity, security, and auditability.
 - Provide quality assurance that information technology systems incorporate appropriate controls by participation in the design, development, and implementation stages of the new systems and significant modification of existing systems.
 - Quantify risk exposure and identify opportunities to minimize loss.
 - Upon the completion of each audit, report to Management the results of the audit findings, including both acceptable items as well as noted deficiencies.
 - Forward all audit reports along with Management's responses to the Chief General Manager for discussion, and follow up all audit recommendations.
 - Report quarterly to the Commission the status of the audits in progress, and any changes or variances to the annual audit plan.

Internal Audit will carry out special assignments as required, such as:

- Conduct scrutiny and verification of claims, costs, charges, and other relevant submissions to the TTC by its contractors, consultants, and other suppliers to ensure compliance with contracts and directions of the TTC, and the economical and efficient delivery of goods and services.

- Conduct/assist in special investigations into alleged or suspected irregularities involving employees and assets of the TTC, contractors, suppliers, etc., and to provide timely and accurate information resulting from these investigations; and liaise, where necessary, with other TTC Departments and law enforcement agencies with regard to relevant investigations.
- Co-ordinate and assist the external auditors in connection with the annual audit of the TTC's financial statements.

Organization Chart

(As at December 2000)

Proposed 2002 Goals & Objectives

Goal	Time	
Complete Comprehensive Audits	70%	
Complete Capital Audits	14%	
Complete Investigations	7%	
Complete Fare Evasion Study	3%	
Complete System Development Reviews	3%	
Assist External Auditors	3%	
Complete Follow-up Audits	-	
Maintain and Enhance Skills	-	10
Maintain Absenteeism at or Below 2%	-	

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Comprehensive Auditing

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Also called: - Broadscope

- Management
- Operational

Looks at Management of: - Money

- People
- Physical Assets
- Information

Audit Selection

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Determine Universe

Assess Risks

Weigh Risks

Produce Long Range Plan

Budget Annual Plan

2002 Comprehensive Audits

2001 Carry-Over

1. Subway – Signals/Electrical/Communications Department: Signals/Signals Engineering
2. Wheel-Trans Operations: Customer Service & Administration
3. Finance Department: Revenue Operations

2002 Planned

1. Human Resources Department: Budgets & Office Administration/Employee Benefits, Policy & Administration/Occupational Health & Claims Management
2. Marketing & Public Affairs Department: Marketing/Public Affairs
3. Subway – Plant Maintenance Department: Station/Tunnel/Building Equipment
4. Subway – Signals/Electrical/Communications Department: Communications/Communications Engineering/Special Projects
5. Engineering Department: Project Management
6. General Secretary's Office
7. Materials & Procurement Department: Project Procurement
8. Human Resources Department: Compensation & Organizational Design/Placement Services/Planning and Development (Carry-over to 2003)
9. Subway – Rail Cars & Shops Department: Greenwood, Wilson, McCowan Carhouses/Standard Practices & Procedures/Equipment Control Desk (ECD) – Subway Line Mechanics/Maintenance Engineering/T1 – Project – Vehicle Engineering (Carry-over to 2003)
10. Subway – Subway Transportation Department: Station Operations/Collectors (Carry-over to 2003)

Capital Audits

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- Capital Project Expenditures: - External Consultants
- Contractors
- Utilities
- Suppliers

- Management Controls

Audit Selection

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- Expenditures

- Past Experience

2002 Capital Audits

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2001 Carry-Over

1. Replacement Wheel-Trans Vehicles
2. Transit Control Centre
3. Comstock Bus Garage

2002 Planned

1. Purchase of T1 Subway Cars
2. New Maintenance Facility (Wilson & Davisville)
3. Tunnel Leak Remediation
4. Subway Escalator Overhaul & Replacement
5. Harvey Shop Ventilation
6. Easier Access Phase II
7. Birchmount Garage
8. Sheppard Subway (Carry-over to 2003)
9. Comstock Garage (Carry-over to 2003)
10. Transit Control Centre (Carry-over to 2003)

Investigations

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- Special Investigations: - Fraud

- Theft

- Other Investigations: - Leasing
- Advertising
- Health Care
- Material Supply
- Consultants

Fare Evasion Study

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- Annual Study: - Illegal Entry
- Transfer Abuse
- P.O.P.
- Metropass Abuse
- Foreign and Counterfeit

System Development Reviews

- Implementation of Information Technology:
- During Development
- Post Project Review
- Part of Comprehensive Audit
- Request for Investigation

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Assist External Auditors

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- Year-end Attest Audit
- Insurance Market Conduct Audit

Complete Follow-up Audits

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- Track Recommendations

- Report Status

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Audit Committee

- Last Audit Committee Meeting was September 9, 1997.

- Should Consider Establishment of Audit Committee -
Meeting Quarterly.