



**Presentation to
TTC Board of Directors**

**Key Aspects of
BOARD GOVERNANCE
An Auditor General's perspective**

Beverly Romeo-Beehler, CPA, CMA, B.B.A., JD

Auditor General

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Governance roles

Hire CEO

1. Foresight
2. Oversight
3. Insight



City Council

Board of Directors TTC

Select CEO
Confirm Strategy (foresight)
Oversee risk, finances and performance

CEO

Implement Strategy
Measure performance
Identify and manage risks and implement controls

Foresight: Setting up for success

Questions the Board should ask

1. Will achieving the **core strategies** deliver the outcome?
Are these the right measures?
2. Are the **outputs measurable**? What are the targets?
How often do you receive performance information?
3. **Dashboards** -- Are you receiving reports on the risks that would prevent the TTC from achieving the strategies and outcomes?

Measuring Outputs

Core Strategy 4 “Excel at asset management and operational performance”

How we will measure success:

- Service punctuality
- Service reliability
- Asset availability metrics
- Project delivery vs. plan
- Customer satisfaction metrics for service quality, system cleanliness and information

Key Initiatives to deliver (What are the measures?)

Future Transit?

Strategic Goals / Mandate

Inputs

Activities
(Use of Inputs)

Outputs

Measurable Outcomes

Economy

Efficiency

Effectiveness

Value for Money = 3 E's

OVERSIGHT: GOVERNANCE 'LINES OF DEFENCE' How it ties together....



Board of Directors

4th line of defence

Audit Committee

Independent External Audit - Auditor General

CEO

Internal Audit

3rd line of defence

2nd line of defence

Risk Management (risk register)
(Risk of not achieving outcomes)
& other key Reporting (including finance, project monitoring
and performance indicators)



1st line of defence

Controls

Strategic Goals / Mandate

Inputs

Activities
(Use of Inputs)

Outputs

Measurable Outcomes



Common Audit Findings Corporations & Agencies

General Finding	TCHC	SONY Centre	Invest Toronto	Toronto Zoo	Build Toronto
Clarity in Strategic Goals	Not part of the audit	X	X	Not part of the audit	X
Procurement Controls	X	X		X	X
Management of Capital Projects	Not part of the audit	X	N/A	X	X
Board Approval of Spending Limits Exceeded	Not part of the audit	X		Not part of the audit	X



Management of Risks

Risk :

The **likelihood of not attaining strategic goals** and the related **impact**

- Boards should receive detail regarding the risks facing the whole organization
- Ask probing questions about risks to ensure they are complete and the information is reliable
- Best practice for the ‘Risk Officer’ to report directly to the Board or Audit Committee



Overseeing risk.....continued

- Do you receive a **risk register** outlining the risks of not achieving strategic goals?
- Is there a **risk management** process in place over **each strategic goal**?
 - Risks should be linked to strategic goals & key initiatives
 - Are risks actively monitored?
- If a risk arises, **why the risk was not on the risk register?** [Test the reliability of the register]
- Is the risk management process **dynamic**?



Important factors to ensure success...

- **Expertise** - **subject matter**, financial, risk, legal
 - If you don't have itobtain it
- **Continuity**
 - Attending meetings, Succession planning
- **Board Information: Drive it...**
 - **What do you need to ensure success of TTC?**
 - Relevant
 - Risks, finance, performance, project management, strategic issues
 - Right level – clear, memorable compelling – What information do you need to fulfill duties?
 - Where are we? Where do we need to be?



Recap.... **Key Role of Directors**

- 1. Foresight** - Leverage your expertise. Ask probing questions about the strategy....
 - What is the transit of the future?
 - What is City Council's expectation of TTC?
 - Strategic goals - Are they aligned to outcomes? Are outcomes and outputs the measurable?

2. Oversight

Risk Register

*Financial Statements
& reports*

*Performance
reports and
Independent audits*

- Monitor risk, finance and performance and project management
- Insight –probe issues – support management