

At its meeting of March 26, 2015 the Board approved the following:

That the TTC Board direct the Chief Executive Officer to undertake the recommendations contained in the Auditor General Reports, as follows:

Review of TTC Bus Maintenance and Shops Department, Phase Two: Non-Revenue Fleet and Equipment Management and Maintenance

1. The Board request the Chief Executive Officer to review the current non-revenue vehicle and equipment fleet management structure with a view to ensuring all key fleet management functions are defined and established with adequate corporate oversight.
2. The Board request the Chief Executive Officer to consider implementing a chargeback process or other measures for non-revenue vehicle and equipment costs to help optimize use of vehicle and equipment resources by user departments and enhance accountability.
3. The Board request the Chief Executive Officer to enhance the current review and approval process for non-revenue vehicle and equipment acquisitions such that the needs, purposes, and projected usage of the requested vehicles and equipment can be adequately evaluated.
4. The Board request the Chief Executive Officer to conduct detailed reviews of utilization levels of non-revenue vehicles and equipment to identify and minimize underutilized vehicles and equipment.
5. The Board request the Chief Executive Officer to undertake an assessment of alternatives of meeting non-revenue vehicle and equipment needs prior to finalizing annual vehicle and equipment procurement decisions.
6. The Board request the Chief Executive Officer to take immediate actions to identify and prioritize the replacement of existing aging non-revenue vehicles incurring significant annual maintenance and repair costs.
7. The Board request the Chief Executive Officer to ensure that vehicle life cycle costs are actively monitored and analyzed as part of the non-revenue fleet management functions. A re-assessment of the current non-revenue vehicle replacement criteria should be undertaken to ensure the criteria are effective in preventing excessive maintenance and repair costs.
8. The Board request the Chief Executive Officer to review inventory management of non-revenue vehicles and fleet equipment to ensure the inventory is accurate, complete, and up-to-date. Steps to be taken should include but not be limited to:
 - a) Assigning a staff person responsible for the oversight and management of inventory;

- b) Establishing clear policy and criteria defining the type and value of assets to be tracked;
 - c) Ensuring records kept in the Vehicle Work Order (VWO) system meet annual asset reporting requirements; and
 - d) Expanding the current criteria for tracking fleet equipment in VWO to establish a centralized and complete fleet equipment database.
9. The Board request the Chief Executive Officer to review the existing list of long-term rentals of non-revenue vehicles to determine whether these long-term rentals are justified and cost-effective.
10. The Board request the Chief Executive Officer to enhance current rental vehicle review and approval process by incorporating a corporate-wide review of rental vehicle needs, available vehicle resources, and opportunities for shared usage.
11. The Board request the Chief Executive Officer to review rental vehicle insurance costs provided by rental companies. A determination should be made as to whether self-insurance coverage is less costly.
12. The Board request the Chief Executive Officer to work collaboratively with the Director of the City of Toronto Fleet Services Division to determine the feasibility of issuing a joint Request for Quotation (RFQ) in future acquisition of rental vehicles.
13. The Board request the Chief Executive Officer to take steps to improve non-revenue vehicle user compliance with scheduled maintenance, including steps to address user concerns.
14. The Board request the Chief Executive Officer to ensure accurate and up-to-date non-revenue vehicle kilometrage data are obtained to facilitate effective preventive maintenance scheduling.
15. The Board request the Chief Executive Officer to improve the effectiveness of the Vehicle Work Order system for non-revenue fleet management. Steps to be taken should include but not be limited to:
- a) Addressing existing preventive maintenance scheduling issues in the system;
 - b) Ensuring adequate system access is provided to garage management staff;
 - c) Re-assessing the practicality of existing data entry controls;
 - d) Ensuring accuracy of system generated management reports; and
 - e) Expanding the existing system reports to include reports on fleet management key performance indicators.
16. The Board request the Chief Executive Officer to develop and implement non-revenue fleet quality assurance processes to systematically monitor and detect repair quality issues.

17. The Board request the Chief Executive Officer to ensure adequate controls are in place at TTC garages to deter and detect ordering of non-revenue vehicle and equipment parts for non-TTC uses. Periodic reviews should be considered by TTC internal audit staff.
18. The Board request the Chief Executive Officer to take steps to shorten garage service turnaround time for non-revenue fleet by addressing issues pertaining to garage capacity, availability of technicians, parts availability and maintenance scheduling.
19. The Board request the Chief Executive Officer to shorten the period of time readying a new non-revenue vehicle for operation. Steps to be taken should include but not be limited to setting a targeted time frame and improving coordination and communication among various TTC departments.
20. The Board request the Chief Executive Officer to establish a formal warranty management process for non-revenue vehicles and fleet equipment such that warranty claims are maximized.
21. The Board request the Chief Executive Officer to ensure the non-revenue vehicle procurement process take into account the ease and practicality of warranty administration.
22. This report be forwarded to the City's Audit Committee for information.

Review of TTC Non-Revenue Vehicle Fuel Card Controls Need Immediate Improvement

1. The Board request the Chief Executive Officer to review and revise the current fuel card policy and procedures such that adequate controls are developed and implemented to facilitate effective monitoring of fuel card transactions and detection of questionable transactions.
2. The Board request the Chief Executive Officer to take the necessary steps to improve compliance with fuel card policy and procedural requirements, including but not be limited to:
 - a) Developing additional procedural requirements to hold user group management staff accountable for non-compliance with fuel card policies;
 - b) Undertaking an immediate review of active Personal Identification Numbers (PINs) to identify and cancel PINs previously assigned to employees who have since terminated their employment; and
 - c) Developing procedures to facilitate timely notification and cancellation of PINs upon employment termination.
3. The Board request the Chief Executive Officer to strengthen existing fuel card administration and monitoring processes by the Systems Contract and Administration Unit. Steps to be taken should include but not be limited to:
 - a) Ensuring the issuance of fuel cards and personal identification numbers are in accordance with the policy and procedural requirements;

- b) Improving the effectiveness of transaction sample reviews by the Systems Contract and Administration Unit; and
 - c) Defining exception reporting requirements and providing regular exception reports to aid management review of fuel card transactions and monitoring.
4. The Board request the Chief Executive Officer to, prior to issuing TTC's next fuel card contract in 2016, work with the Director of the City of Toronto Fleet Services Division to determine the feasibility and merits of utilizing the City's fuel supply system including the City operated fuel stations, the City fuel card, and the radio-frequency identification technology.
 5. This report be forwarded to the City's Audit Committee for information.