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Decision: Auditor General's Report: Review of Toronto Transit Commission (TTC) Employee Expenses and Reward and Recognition Programs: Opportunities to Improve Policies and Controls and Save Costs

At its meeting on July 10, 2018, the TTC Board adopted the Auditor General's recommendations as follows:

The Auditor General recommends that:

1. The Board request the Chief Executive Officer, Toronto Transit Commission, to evaluate its employee reward and recognition programs to determine if they are achieving intended goals and modify the programs where needed.
2. The Board request the Chief Executive Officer, Toronto Transit Commission, to evaluate the costs vs. benefits of its employee reward and recognition programs and consider potential non-monetary recognition strategies as well as whether costs can be reduced.
3. The Board request the Chief Executive Officer, Toronto Transit Commission, to establish a specific purchase code for expenses related to employee rewards and recognition incurred by departments.
4. The Board request the Chief Executive Officer to develop reports and monitor the cost by department of the employee reward and recognition programs and ensure that funds are fairly distributed and used across the various departments.
5. The Board request the Chief Executive Officer, Toronto Transit Commission, to put in place adequate processes and controls to track and reconcile all gift cards for the Zero Injury Award program. Such controls should include steps to ensure only a minimal number of gift cards is kept in inventory and that they are kept locked at all times with adequate access controls.
6. The Board request the Chief Executive Officer, Toronto Transit Commission, to improve controls and efficiency in the Zero Injury program to ensure that:
  - a. Award presentations are occurring within two months of plateau levels being reached in order for eligible employees to receive awards
  - b. Attendance sheet is provided on a timely basis
  - c. Any excess owing for refreshment funds and gift cards is calculated, provided and accounted for.
7. The Board request the Chief Executive Officer, Toronto Transit Commission, to review the cost centres currently eligible for the Zero Injury program to ensure they meet the intent of the safety award program.



8. The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure adequate segregation of duties in the process of ordering default gifts to be shipped to employees.
9. The Board request the Chief Executive Officer, Toronto Transit Commission, to seek ways to streamline the IT processes for the safe worker, safe operator and zero injury award programs.
10. The Board request the Chief Executive Officer, Toronto Transit Commission, to use available Presto reports to track and monitor the usage of pensioners' lifetime passes to measure the cost to the organization and mitigate the risk of potential abuse.
11. The Board request the Chief Executive Officer, Toronto Transit Commission, to consider whether to reinstate a minimum number of years of service for pensioners over 60 years old, to ensure the lifetime pass is awarded to recognize length of service. Any potential modifications would need to be part of future negotiations with the unions.
12. The Board request the Chief Executive Officer, Toronto Transit Commission, to review the criteria and current process for issuing free annual passes to non-TTC staff to ensure valid justification and adequate controls, and to minimize lost revenue opportunities.
13. The Board request the Chief Executive Officer, Toronto Transit Commission, to:
  - a. continue to strengthen controls and internal reviews regarding allowable employee expenses for business purposes
  - b. update policies to ensure they clarify what employee expenses are acceptable for business purposes and those that are not, and communicate the policy requirements to employees.
14. The Board request the Chief Executive Officer, Toronto Transit Commission, to undertake steps to improve compliance with employee expense policy requirements regarding:
  - a. the level of supporting documentation needed and importance of retaining the documents in an organized manner
  - b. timely approval and submission of claims
  - c. appropriate level of signing authority
  - d. requirement for evaluations to be completed for external training.
15. The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure proper records management is in place and is not dependent upon whether the employee is still working at TTC or not.



16. The Board request the Chief Executive Officer, Toronto Transit Commission, to develop guidelines for business trips, improving clarification on allowable expenses and number of attendees/trips per year.
17. The Board request the Chief Executive Officer, Toronto Transit Commission, to provide additional clarification in the following policies pertaining to:
  - a. Petty cash policy – refreshments, replenishment guidance, investigative expenses restrictions
  - b. Corporate travel policy – meal per diems, sundry/incidental charges, extended stays, accommodation rates, foreign exchange rate.
18. The Board request the Chief Executive Officer, Toronto Transit Commission, to update the training approval form to include required sign-off for available budget, prior to the training expense being approved.
19. The Board request the Chief Executive Officer, Toronto Transit Commission, to consider options to reduce accommodation rates for TTC staff on business travel.
20. The Board request the Chief Executive Officer, Toronto Transit Commission, to explore the opportunity to share services for internal training with the City of Toronto for non-transit specific courses.
21. The Board forward this report to City Council for information through the City's Audit Committee.