

October 18, 2006

Ms. Ulli S. Watkiss
City Clerk
City of Toronto
City Hall 12th Floor, West Tower
100 Queen Street West
Toronto, Ontario
M5H 2N2

Dear Ms. Watkiss:

Re: Clause 1 of Report 4 of the Audit Committee, headed “Maintenance and Administrative Controls Review – Facilities and Real Estate”, adopted by City Council on December 14 and 16, 2005.

The City recently adopted an Auditor General’s report last December entitled “Maintenance and Administrative Controls Review” and have since forwarded the report to those City organizations separately managing building maintenance and cleaning operations like the Toronto Transit Commission. TTC was also asked to report back to the Audit Committee in connection with the results of their review.

At the same time, a need was expressed to establish a formal communication process to provide assurance to the Audit Committee that recommendations in the report have been appropriately addressed by the TTC and other ABCs. The City Clerk’s letter dated January 24th, 2006 specifically calls for TTC to comment on the proposed protocol outlined in Clause 9 of Report 6 of the Audit Committee.

- We have since reviewed the recommendations in the report. The key issue identified in this report was the need to evaluate centralizing ownership, control and accountability of all TTC buildings and integrating all building maintenance operations. The physical buildings and related maintenance is already centrally managed by our Plant Maintenance Department.
- Another major issue pertains to improving controls and better managing and controlling maintenance and cleaning costs. Our Internal Audit Department conducts an ongoing comprehensive review to assess management and operational controls and the adequacy of financial controls of departments having responsibility for building maintenance and cleaning operations as outlined in the City’s Maintenance and Administrative Controls Review report. Specific objectives include:

- Accountability and reporting relationships are appropriate for the Commission
 - Due regard for economy, efficiency and effectiveness
 - Procedures and processes are in place to measure and report on maintenance activities
 - Compliance to legislative and Commission requirements
 - Timeliness, accuracy, completeness and authorization of transactions
 - Safeguarding and control of assets and other information
- The results of these audits are shared with the Audit Committee. Thus, we believe that protocols are already in place to ensure that audit recommendations are reviewed between TTC and the City's Audit Committee.

Sincerely,

Gary Webster
Interim Chief General Manager

6-75-89