



STAFF REPORT INFORMATION ONLY

Results of Follow-up of Previous Audit Recommendations

Date:	April 2, 2009
To:	TTC Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's Office conducts an annual follow-up review on the implementation of recommendations contained in audit reports. This report contains the follow-up results on the status of recommendations included in a report issued to the Toronto Transit Commission entitled "The Management of Information Technology Projects – Opportunities for Improvement."

The result of our review indicates that Toronto Transit Commission staff has implemented all of the recommendations made in the audit report issued by the Auditor General's Office. Audit recommendations fully implemented are listed in Attachment 1.

FINANCIAL IMPACT

There is no financial impact resulting from receipt of this report.

ISSUE BACKGROUND

The Auditor General conducts an annual follow-up process to ensure management has taken appropriate action to implement recommendations contained in audit reports.

In accordance with the Auditor General's Work Plan, we have reviewed the status of outstanding audit recommendations made by the Auditor General to the Toronto Transit Commission.

We conducted this follow-up audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain

sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

COMMENTS

The follow-up review process requires that management provide the Auditor General with a written response on the status of each recommendation contained in our audit reports. For those recommendations noted as implemented, audit work was conducted to ensure the accuracy of management assertions. Where management indicated that a recommendation was not implemented, audit work was not performed.

Table 1 represents the results of our follow-up on audit recommendations for the Toronto Transit Commission.

TABLE 1: FOLLOW-UP RESULTS

Report Title and Date	Total No. of Recs.	Results of Review		
		Fully Implemented	Not Fully Implemented	Not Applicable
The Management of Information Technology Projects – Opportunities for Improvement – October 26, 2007	15	15		
Total	15	15		

The Auditor General's Office has issued one audit report to the Toronto Transit Commission.

A listing of audit recommendations implemented by the Toronto Transit Commission is included in Attachment 1.

A report consolidating the results of our follow-up review of City Agencies, Boards and Commissions will be tabled at the June 22, 2009 Audit Committee meeting. The results of our follow-up review for the Toronto Transit Commission will be included in that report.

CONTACT

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SIGNATURE

Jeffrey Griffiths, Auditor General

ATTACHMENTS

Attachment 1: Audit Recommendations – Fully Implemented

**TORONTO TRANSIT COMMISSION
AUDIT RECOMMENDATIONS - FULLY IMPLEMENTED**

Report Title: THE MANAGEMENT OF INFORMATION TECHNOLOGY
PROJECTS – OPPORTUNITIES FOR IMPROVEMENT
Report Date: OCTOBER 26, 2007

Recommendations:

1. The Chief General Manager of the TTC and the City Manager be required to develop a formal working protocol on all issues relating to Information Technology. Such a protocol to include ongoing communication and collaboration, the sharing of information technology systems and software licenses, the development of new systems, the acquisition of new systems and the sharing of resources including staff and consulting services.
2. The Chief General Manager of the TTC, during any preliminary deliberations relating to Information Technology development and acquisitions, consult on a priority basis with the Deputy City Manager and Chief Financial Officer at the City in order to determine whether or not there are opportunities to take advantage of available SAP applications. Further, the City and the TTC ensure that the benefits and advantages accruing to the City as a result of the establishment of the SAP Competency Centre are shared with the TTC.
3. The Chief General Manager of the TTC develop a formal process for the review and follow-up of recommendations made by the Auditor General. Such a process to take into consideration the review of audit reports relating to City Divisions and its Agencies, Boards and Commissions. Further, the Chief General Manager of the TTC review all audit reports previously issued by the Auditor General pertaining to information technology issues in order to ensure that all appropriate recommendations which may have relevance to the TTC are implemented.
4. The Chief General Manager develop detailed guidelines or criteria relating to the two-step approval process for the development of large information technology projects. The Chief General Manager ensure that business cases for all proposed information technology projects are prepared in accordance with the two-step TTC approval policy.
5. The Chief Information Officer at the TTC, in consultation with the Chief Information Officer at the City, develop guidelines, including specific templates for the development of comprehensive business cases for all

information technology projects. Information Technology projects not be considered or initiated unless detailed business cases have been prepared, evaluated in detail and approved by senior management. Approval for all such business cases should be in writing.

6. The Chief Information Officer review detailed cost estimates for information technology projects for accuracy and reasonableness prior to submission to the Technology Advisory Council. Such a review be clearly documented and approved.
7. The Chief Information Officer, in approving information technology projects, develop and establish separate budgets for sub-projects within each large information technology project. Such a process will ensure that costs are more easily managed and controlled.
8. The Chief Information Officer identify areas where the Information Technology Services Department has skill shortages or insufficient staff resulting in repetitive and extensive long-term use of consultants:
 - a. present the appropriate business cases justifying meeting long-term operational demands by increasing staffing levels, such increases to be financed by the transfer of funds from consulting budgets to salaries and wages budgets;
 - b. where possible, ensure sufficient TTC staff are trained in skills required frequently and on a long-term basis, thus reducing the TTC reliance on contractors to perform such duties; and
 - c. ensure that the continuous operation of critical management information systems is not dependant upon a single individual or small groups of consultants.
9. The Chief Information Officer ensure that measurable deliverables, standards, acceptance and payment criteria are included in all consultant contracts. Invoices not be paid unless they contain an adequate level of information to support such payment. Standard consultant contracts in place at the City be used as a guideline in developing contracts at the TTC.
10. The Chief Information Officer, in consultation with the City's Chief Information Officer, establish minimum documentation standards required in support of information technology projects.
11. The Chief General Manager review the role and mandate of the Technology Advisory Council, particularly in relation to monitoring of the ongoing progress of major technology projects. The Technology Advisory

Council be required to review the progress of information technology projects in terms of costs and completion dates.

12. The Chief Information Officer review the Project Management Framework to ensure Project Status Reports provide a comparison of actual costs with original estimated costs and timelines.
13. The Technology Advisory Council periodically report to the General Manager on major information technology projects and related information technology priorities. The reporting process for each project should at a minimum include:
 - a detailed description of each large information technology project;
 - progress to date;
 - budget and milestones, including historical budget information;
 - return on investment; and
 - related performance measures.

Consideration be given to initiating a similar reporting process to the Commission.

14. The Chief Information Officer review and update the Project Management Manual to ensure existing project management processes, procedures and templates are relevant and applicable to the TTC's information technology environment. Periodic updates should be undertaken to ensure procedures are complete, current and consistent with industry best practices. Consultations be held with the Chief Information Officer at the City in connection with the review and update of the Project Management Manual.
15. The Chief Information Officer ensure that, subsequent to the completion of all information technology projects, final "close-out" reports are submitted to the Chief General Manager through the Technology Advisory Council. Such reports to include a comparison of original cost estimates, benefits and timelines to actual results. Further, the Chief Information Officer, upon completion of a project, ensure that consultants' performance is documented and made available to all appropriate staff including those at the City.