



## REPORT FOR ACTION

# Toronto Transit Commission – 2019 Results of Follow-up of Previous Audit Recommendations

**Date:** May 15, 2019

**To:** Toronto Transit Commission Audit and Risk Management Committee

**From:** Auditor General

**Wards:** All

### SUMMARY

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On an annual basis, the Auditor General reviews the implementation status of outstanding audit recommendations and reports the review results to City Council through the Audit Committee.

This report provides the implementation status of recommendations contained in the following audit reports issued to the Toronto Transit Commission (TTC):

- Review of Wheel-Trans Services - Sustaining Level and Quality of Service Requires Changes to the Program, 2012
- Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase One: Bus Maintenance and Warranty Administration, 2014
- Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase Two: Non-Revenue Fleet and Equipment Management and Maintenance, 2015
- Continuous Controls Monitoring Program - Toronto Transit Commission, Employee Overtime and Absenteeism, 2016
- Audit of Toronto Transit Commission Materials and Procurement Department, Phase One: Improving Controls to Safeguard Inventory, 2016
- Review of Toronto Transit Commission Accounts Payable Functions: Improving Invoice Verification and Vendor Account Management, 2017
- Review of Toronto Transit Commission Procurement Policies and Practices: Improving Materials Management and Purchasing Policies Can Potentially Result in Significant Savings, 2017
- Auditor General's Office - Review of Complaint Regarding the June 29, 2016 Toronto Transit Commission Briefing Note, 2017

As of December 31, 2017, there were 60 outstanding recommendations from eight audit reports issued to TTC between 2012 and 2017. Among the 60 recommendations, our review verified that seven recommendations (12 per cent) have been fully implemented, and 53 recommendations (88 per cent) have been partially implemented.

We express our appreciation for the co-operation and assistance we received from management and staff during this year's follow-up review process.

## **RECOMMENDATIONS**

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The Auditor General recommends that:

1. The Toronto Transit Commission Audit and Risk Management Committee receive this report for information and forward the report to the Toronto Transit Commission Board.

## **FINANCIAL IMPACT**

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

## **DECISION HISTORY**

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The follow-up of outstanding recommendations is required by Government Auditing Standards. The process is important as it ensures that management has taken appropriate action to implement the recommendations from previous audit reports. The Auditor General reports to the Board of Directors and the City's Audit Committee each year on the implementation status of outstanding recommendations.

In accordance with the Auditor General's 2019 Work Plan, we have completed a review of the implementation status of audit recommendations issued to the TTC. We will include the results of this follow-up review in a consolidated report to the City Audit Committee in June 2019.

At the May 3, 2019 City Audit Committee meeting, a motion was made to "Request the Auditor General to continue to bring forward to each meeting of the Audit Committee, a list of outstanding recommendations she considers to be a high priority." The requested information is provided in this report.

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.

The previous Auditor General's follow-up reports on TTC audits are available at:

<https://www.toronto.ca/legdocs/mmis/2018/au/bgrd/backgroundfile-117952.pdf>

<https://www.toronto.ca/legdocs/mmis/2017/au/bgrd/backgroundfile-105103.pdf>

**COMMENTS**

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The follow-up review process requires that management provide the Auditor General with a written response regarding the implementation status of each audit recommendation. Where management indicates that recommendations have been implemented, audit work is conducted by audit staff to ensure the accuracy of management's assertions. Where management indicates that recommendations have not been implemented, no audit work is performed and the audit recommendations are carried forward to the next follow-up review.

A total of 60 outstanding recommendations from the issued audit reports were included in the 2019 follow-up review. Management reported that 18 recommendations have been fully implemented. However, based on our review we determined that 11 of those recommendations have not been fully implemented because the steps undertaken or the extent of the improvement did not fully address the issue or the intent of the recommendation. Management agreed with our assessments and will take additional actions to fully implement these recommendations in the future.

Table 1 outlines our current assessment results of the implementation status of audit recommendations issued in previous reports.

**Table 1: Results of 2019 Follow-up Review**

| Report Title   | Total No. of Recs. | New or Outstanding Recs. from Last Follow-up Review | Results of 2019 Follow-up Review |                       | Overall No. of Recs Fully Implemented |
|--|--------------------|---|----------------------------------|-----------------------|---------------------------------------|
|  |                    |   | Fully Implemented                | Not Fully Implemented |                                       |
| Review of Wheel-Trans Services - Sustaining Level and Quality of Service Requires Changes to the Program, 2012 | 22                 | 4   | 2                                | 2                     | 20 (90%)                              |

| Report Title   | Total No. of Recs. | New or Outstanding Recs. from Last Follow-up Review | Results of 2019 Follow-up Review |                       | Overall No. of Recs Fully Implemented |
|--|--------------------|---|----------------------------------|-----------------------|---------------------------------------|
|  |                    |   | Fully Implemented                | Not Fully Implemented |                                       |
| Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase One: Bus Maintenance and Warranty Administration, 2014                | 18                 | 7   | 0                                | 7                     | 11 (61%)                              |
| Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase Two: Non-Revenue Fleet and Equipment Management and Maintenance, 2015 | 21                 | 10  | 0                                | 10                    | 11 (52%)                              |
| Continuous Controls Monitoring Program - Toronto Transit Commission, Employee Overtime and Absenteeism, 2016   | 1                  | 1   | 0                                | 1                     | 0                                     |
| Audit of Toronto Transit Commission Materials and Procurement Department, Phase One: Improving Controls to Safeguard Inventory, 2016                   | 10                 | 7   | 2                                | 5                     | 5 (50%)                               |
| Review of Toronto Transit Commission Accounts Payable Functions: Improving Invoice Verification and Vendor Account Management, 2017                    | 9                  | 9   | 2                                | 7                     | 2 (22%)                               |

| Report Title  | Total No. of Recs. | New or Outstanding Recs. from Last Follow-up Review | Results of 2019 Follow-up Review |                       | Overall No. of Recs Fully Implemented |
|---|--------------------|---|----------------------------------|-----------------------|---------------------------------------|
|   |                    |   | Fully Implemented                | Not Fully Implemented |                                       |
| Review of Toronto Transit Commission Procurement Policies and Practices: Improving Materials Management and Purchasing Policies Can Potentially Result in Significant Savings, 2017 | 19                 | 19  | 0                                | 19                    | 0                                     |
| Auditor General's Office - Review of Complaint Regarding the June 29, 2016 Toronto Transit Commission Briefing Note, 2017   | 3                  | 3   | 1                                | 2                     | 1 (33%)                               |
| <b>Total</b>  | <b>103</b>         | <b>60</b>   | <b>7 (12%)</b>                   | <b>53 (88%)</b>       | <b>50 (49%)</b>                       |

The fully implemented recommendations are included in Attachment 1. Recommendations that are not fully implemented, together with management's comments and action plan are included in Attachment 2.

In each follow-up report, the Auditor General highlights noteworthy recommendations, such as those that have resulted in financial or non-financial benefits after implementation. In response to the Audit Committee's request at its May 3, 2019 meeting, this report also summarizes the high-priority outstanding recommendations, such as those that could potentially result in significant cost savings, and avoid health and safety, or reputation risks to the City after implementation.

## Noteworthy 2019 Follow-up Review Results

### Review of Wheel-Trans Services - Sustaining Level and Quality of Service Requires Changes to the Program, 2012

In 2012, the Auditor General completed a review of the Wheel-Trans Services. The review provided 22 recommendations to improve the overall effectiveness and efficiency of the Program and identified cost savings opportunities. The report is available at:

<https://www.toronto.ca/legdocs/mmis/2013/au/bgrd/backgroundfile-59981.pdf>

Of the total 22 audit recommendations, 18 recommendations were assessed as fully implemented in the previous follow-up reviews. During the current follow-up review, management advised that of the remaining four recommendations, two have been fully

implemented. Of the two that remain outstanding, significant work has been done to address recommendation number two, but further work is in progress.

Recommendation number 22 requests the TTC to reduce the annual printing and mailing costs of Wheel-Trans quarterly newsletters and bulletins to customers. In response to the audit recommendation, Management reviewed the process for communicating information to customers and implemented the following changes:

- Provided for customers the option of receiving the publications in an electronic format
- Reduced the number of publications from quarterly to three times a year

By implementing this audit recommendation, management advised that they have already saved \$37,000 in 2018. Over five years, this translates to about \$185,000 in cost savings.

Partially implemented recommendation number two requests the TTC to develop and implement a comprehensive plan for integrating Wheel-Trans customers into the accessible conventional transit system. The TTC staff have undertaken significant work to develop a 10 Year Strategy to transform the delivery of Wheel-Trans services. According to the September 2016 TTC staff report, the implementation of the Wheel-Trans 10 year Strategy will potentially result in approximately \$310.8 million cost avoidance (net of total \$47.6 million additional operating and capital costs) over 10 years. Management continues in making efforts to implement the recommendation. Management's comments and progress update on the implementation of this recommendation are included in Attachment 2.

### **Audit of Toronto Transit Commission Materials and Procurement Department, Phase One: Improving Controls to Safeguard Inventory, 2016**

In 2016, the Auditor General issued a report on TTC inventory controls. The review made ten recommendations to improve the safeguarding of inventory at TTC warehouses and stores. The report is available at:

<https://www.toronto.ca/legdocs/mmis/2016/au/bgrd/backgroundfile-94504.pdf>

During the current follow-up review, management has implemented 2 out of 7 outstanding recommendations.

Recommendation number three requests the TTC to ensure that returned goods to warehouses are properly and timely processed for replacement or credit by the vendor. Management developed key performance indicators to track aging of returned materials and to also meet regularly to discuss action that should be taken.

By implementing the recommendation, over a one year period from January 2018 to 2019 the number of returned goods over 120 days has been reduced to nil. Although this number is not static and fluctuates monthly, management indicated a one-time cost savings of \$838,168 over this period of time.

The remaining outstanding recommendations relate to improving the core parts retrieval process at the TTC garages, enhancing access controls and security at the TTC stores, and improving physical count practices at the warehouses and stores. The implementation of these recommendations will likely result in additional cost savings and improved controls. The extent of potential cost savings are not quantifiable at this time. Management comments and action plan are included in Attachment 2.

## **High Priority Outstanding Recommendations**

### **Review of Toronto Transit Commission Procurement Policies and Practices: Improving Materials Management and Purchasing Policies Can Potentially Result in Significant Savings, 2017**

The 2017 audit report contains 19 recommendations to improve the management of inventory, the efficiency of the purchasing activities, and controls over non-competitive purchases. The report is available at:

<https://www.toronto.ca/legdocs/mmis/2017/au/bgrd/backgroundfile-105264.pdf>

This is our first follow-up review of the recommendations made in this audit. Management advised that three of the total 19 recommendations were implemented, however our review determined that these recommendations were not fully implemented.

Although the audit recommendations have been partially implemented, the TTC already achieved \$3.69 million in annual cost savings related to improvement of the procurement practices. Savings related to these efficiencies are reflected in the TTC's 2018 and 2019 budgets.

The implementation of the outstanding recommendations will result in additional cost savings and improved management controls. Management comments and action plan are included in Attachment 2.

## **Management of the TTC Bus Maintenance and Shops Department**

### **Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase One: Bus Maintenance and Warranty Administration, 2014**

### **Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase Two: Non-Revenue Fleet and Equipment Management and Maintenance, 2015**

The audit of bus maintenance and shops department was conducted in two phases. Phase one focused on conventional bus maintenance and phase two focused on non-revenue and equipment fleet. The reports are available at:

<https://www.toronto.ca/legdocs/mmis/2014/au/bgrd/backgroundfile-67395.pdf>

<https://www.toronto.ca/legdocs/mmis/2015/au/bgrd/backgroundfile-79717.pdf>

The 2014 audit report contains 18 recommendations to improve the effectiveness, efficiency and the economy of bus maintenance operations. In the previous follow-up reviews we assessed ten recommendations as fully implemented and one no longer applicable.

During the 2019 follow-up review, management advised that two of the seven remaining recommendations have been implemented. While we recognize that management has made significant progress towards implementing the two recommendations, we determined that they were not fully implemented. Specifically,

- Policy and procedures to systematically track and monitor the warranty claim submission rate for the entire bus fleet is not finalized
- Proper accounting procedures to ensure adequate financial controls for subway trains and streetcars are not in place

The 2015 audit report contains 21 recommendations pertaining to management structure, vehicle and equipment acquisition, inventory management, rental vehicles, garage operations, and warranty administration. In the previous follow-up reviews, 11 audit recommendations were assessed as fully implemented. During the current follow-up review, management reported that the remaining ten recommendations continued to be outstanding because of the technical issues related to system upgrades.

Management comments and action plan are included in Attachment 2.

### **Review of Toronto Transit Commission Accounts Payable Functions: Improving Invoice Verification and Vendor Account Management, 2017**

In 2017, the Auditor General completed a review of TTC accounts payable operations. The audit report contains nine recommendations to improve invoice verification, management of vendor accounts, and access controls. The report is available at:

<https://www.toronto.ca/legdocs/mmis/2017/au/bgrd/backgroundfile-108077.pdf>

This is our first follow-up review of the recommendations made in this audit. The TTC has implemented 2 out of 9 recommendations. The remaining audit recommendations relate to strengthening the invoice verification process by user departments prior to payment and the management of vendor accounts by Accounts Payable.

Although not all the recommendations have been fully implemented, management have been making efforts to address early payment discounts, verify invoice accuracy, and identify and prevent duplicate payments. Management indicated that they have already saved \$400,000 in 2018. This was reflected as an efficiency saving in the TTC's 2018 budget report.

The implementation of the remaining recommendations may result in the additional cost savings and improved management controls. Management's action plan and expected implementation time are included in Attachment 2.



## **Continuous Controls Monitoring Program – Toronto Transit Commission, Employee Overtime and Absenteeism 2015, 2016**

The Auditor General's Continuous Controls Monitoring Program was first initiated in 2011 for overtime and other payroll-related expenses incurred by the City. The program was expanded to TTC in 2012, and was further expanded to include monitoring of employee absenteeism relating to sick time, occupational injury and bereavement in 2014.

For the year 2015, TTC's total overtime and paid sick time cost amounted to \$79.7 million and \$33.9 million respectively. This represents a reduction of \$3.1 million in overtime and an increase of \$1.2 million in paid staff sick time when compared with 2014.

Our 2016 continuous controls monitoring report recommended that the TTC undertake a review of the monitoring of its overtime and absenteeism costs at the departmental and organizational levels. The report is available at:

<https://www.toronto.ca/legdocs/mmis/2016/au/bgrd/backgroundfile-97616.pdf>

During the 2019 follow-up review management reported that the recommendation made in the report has not been fully implemented.

Management stated that efforts are underway to finalize overtime monitoring report requirements. In the meantime, ad hoc reports are being run and shared with executives, to identify problem areas where overtime needs to be managed. Target for recommendation implementation is fall 2019.

### **CONTACT**

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### **SIGNATURE**

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Beverly Romeo-Beehler  
Auditor General

## **ATTACHMENTS**

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**Attachment 1: Toronto Transit Commission, Audit Recommendations - Fully Implemented**

**Attachment 2: Toronto Transit Commission, Audit Recommendations - Partially Implemented**

## Attachment 1

### TORONTO TRANSIT COMMISSION AUDIT RECOMMENDATIONS FULLY IMPLEMENTED

**Report Title:** Auditor General's Office - Review of Complaint Regarding the June 29, 2016  
Toronto Transit Commission Briefing Note  
**Report Date:** 10/13/2017

| No. | Recommendation  |
|-----|---|
| 001 | The Board request the Chief Executive Officer, Toronto Transit Commission, to provide more clarity in relation to the assumptions being relied on when the information is used in briefing notes. |

**Report Title:** Review of Toronto Transit Commission Accounts Payable Functions: Improving Invoice Verification and Vendor Account Management  
**Report Date:** 09/15/2017

| No. | Recommendation  |
|-----|---|
| 004 | The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure conflicts of interest are properly managed. Such steps should include, but not be limited to:<br>a. Ensure employee vendor match is conducted on an annual basis.<br>b. Provide training and reminders to the appropriate staff to reinforce the importance of disclosing actual and perceived conflicts of interest.<br>c. Hold employees who fail to disclose potential conflicts of interest accountable. |
| 007 | The Board request the Chief Executive Officer, Toronto Transit Commission, to review and update Supplier Information Management System (SIMS) and Industrial Financial System (IFS) user access rights and privileges periodically to ensure adequate segregation of duties and access controls.  |

**Report Title:** Audit of Toronto Transit Commission Materials and Procurement Department, Phase One: Improving Controls to Safeguard Inventory  
**Report Date:** 05/12/2016

| No. | Recommendation   |
|-----|--|
| 003 | The Board request the Chief Executive Officer to take steps to ensure returned goods to warehouses are properly and timely processed for replacement or credit. Such steps should include but not be limited to:<br>a. Storing returned goods in an organized manner so that they can be easily located;<br>b. Providing staff with clear procedure requirements to ensure inventory analysts receive timely notifications of return requests;<br>c. Ensuring timely processing and follow-up of outstanding returns by inventory analysts;<br>d. Developing relevant performance measures to track and monitor completeness and timeliness of return processes. |
| 007 | The Board request the Chief Executive Officer to ensure quantity discrepancies from cycle counts at warehouses and stores are adequately reviewed and approved by supervisory staff to safeguard Toronto Transit Commission inventory. Steps to be considered include re-assessing the current dollar threshold requirement for documenting supervisory reviews and ensuring adequate investigation and documentation of significant discrepancies.  |

**Report Title: Review of Wheel-Trans Services - Sustaining Level and Quality of Service Requires Changes to the Program**

**Report Date: 12/06/2012**

| <b>No.</b> | <b>Recommendation</b>  |
|------------|--|
| 008        | The Commission request the Chief Executive Officer to review Wheel-Trans call center operations and call response capacity. Such review should include but not be limited to:<br>a. Shortening reservation line operating hours to allocate more staff resources to the afternoon hours;<br>b. Enhancing internet booking capacity by removing the address change and time booking restrictions;<br>c. Dedicating more staff resources to the priority line to ensure timely call response;<br>d. Addressing the high absenteeism rate among call center staff; and<br>e. Consulting 311 Toronto on ways to improve Wheel-Trans call center response capacity and reduce staff absenteeism rate. |
| 022        | The Commission request the Chief Executive Officer to reduce the annual printing and mailing costs of Wheel-Trans quarterly newsletters and bulletins to customers. Consideration should also be given to allowing advertisements in the publications to generate revenue.   |

**TORONTO TRANSIT COMMISSION AUDIT RECOMMENDATIONS  
PARTIALLY IMPLEMENTED**

**Report Title: Review of Wheel-Trans Services - Sustaining Level and Quality of Service Requires Changes to the Program**

**Report Date: 12/06/2012**

| No. | Recommendation  | Management Comments   |
|-----|---|---|
| 002 | <p>The Commission request the Chief Executive Officer, in consultation with the Advisory Committee on Accessible Transit, to develop and implement a comprehensive plan for integrating Wheel-Trans customers into the accessible conventional transit system. Such an action plan should include but not be limited to:</p> <ul style="list-style-type: none"> <li>a. Identifying and addressing potential safety and service issues that can present barriers to Wheel-Trans customers in using the accessible conventional system;</li> <li>b. Education, communication and training programs for Wheel-Trans customers and transit passengers; and</li> <li>c. Customer service training to TTC staff with particular emphasis on assisting people with mobility difficulties.</li> </ul> | <p>Family of Services service delivery</p> <ul style="list-style-type: none"> <li>• Four Phased FOS Pilot ran from May 2017 to April 2018. The goal was to connect volunteer customers to accessible subway stations and bus stops on 5 surface routes across the city of Toronto. The intent was also to learn from both customers and employees on what worked best, and what improvements would be required to expand this important service; offering more connection opportunities (bus, streetcar and subway) to more customers. Customers were guaranteed same day trips with at least 4 hours advanced notice, and had access to a dedicated phone line.</li> <li>• A Family of Services Pilot Review and Recommended Plan of Action for Current and Future Service Delivery was drafted in September 2018. The key recommendations from the report were;</li> </ul> <ol style="list-style-type: none"> <li>1. The Family of Services delivery model was an effective and viable option for customers who can use the conventional TTC all or some of the time.</li> <li>2. Consistent and on-going training and employee engagement are essential components for the future success of Family of Services.</li> <li>3. In order to grow demand for Family of Services, the following initiatives are required and currently are implemented or will be in 2019; <ul style="list-style-type: none"> <li><input type="checkbox"/> Continue to expand the Family of Services network of surface routes and transfer stops</li> <li><input type="checkbox"/> Ensure that conditionally eligible customers are always offered a multi-modal trip offer that combines Wheel-Trans and the conventional TTC.</li> <li><input type="checkbox"/> Re-classify the eligibility of all customers who registered before January 1, 2017, to ensure equity and increased demand for conventional TTC transfers.</li> </ul> </li> </ol> <p>Customer Engagement and Communication</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Beginning in 2016, and continuing every year since (most recently April 2018) Public Meetings were held in Etobicoke, North York, Scarborough and Downtown to update customers on the progress of the 10 Year Wheel-Trans Transformation program, with emphasis on the advantages of the Family of Services.</li> <li><input type="checkbox"/> Program Initiative updates with an emphasis on Family of Services travel are regularly posted to TTC website and trip booking sites, in November and December 2018 a digital</li> </ul> |

| No. | Recommendation | Management Comments  |
|-----|----------------|--|
|     |                | <p>media campaign featuring Family of Services appeared on major websites, and Quarterly newsletters continue to be circulated to all customers.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The Advisory Committee on Accessible Transit continue to be regularly engaged for their feedback on all current and future initiatives aimed at encouraging customers to use Conventional TTC whenever possible.</li> <li><input type="checkbox"/> Share the Space, ran system-wide, launched June 2018 and is still running.</li> <li><input type="checkbox"/> Testimonial campaign ran in Wheel-Trans vehicles and in the conventional system, launched in October 2018 and still in Wheel-Trans vehicles.</li> <li><input type="checkbox"/> Please offer me a seat – social media campaign launched in May 2018.</li> </ul> <p><b>Safety</b></p> <ul style="list-style-type: none"> <li>• An extensive customer centric audit of all accessible subway stations, Wheel-Trans stops at these stations, accessible bus stops along the pilot bus routes, and regional transfer points was completed in 2017 along with recommendations to senior management for improvements. The recommended improvements to way-finding and stop relocations will commence implementation in 2018 as Family of Services rolls out.</li> <li>• Standard Operational Procedures have been implemented to track scheduled Family of Services trips, so that customers can be contacted, and modifications made in the event of service issues on the conventional system, i.e. elevator issues, subway delays</li> </ul> <p>AODA sensitivity training delivered by mode:</p> <ul style="list-style-type: none"> <li>380 Wheel-Trans Operators</li> <li>3,673 TTC Bus</li> <li>651 TTC Streetcar Operator</li> <li>1,232 Subway Operators and collectors/CSA</li> </ul> <ul style="list-style-type: none"> <li>• In 2017, 18 Mental Health Work shops were created and delivered by Progress Place to 112 TTC contact centre staff and supervisors. There are plans to hold similar workshops throughout 2019-20 at Variety Village for both new employees and as part of the operator recertification training.</li> </ul> <p><b>Travel Training</b></p> <ul style="list-style-type: none"> <li>• Beginning in June 2018 and running until December, the Wheel-Trans Transformation Program conducted a Travel Training pilot. The purpose of the program was to support customers with disabilities as they learn about navigation on the TTC and transition to the conventional transit system; rather than the specialized door-to-door service. The Travel Training program offers customers personalized one-on-one training of how best to navigate the TTC transit system as safely and as independently as possible. The goal of the program was to provide customers with the skills and resources they needed to be successful, in a way that was meaningful and customized to their individual needs. The pilot</li> </ul> |

| No. | Recommendation   | Management Comments   |
|-----|--|---|
|     |  | <p>included; information sessions, one-on-one training sessions, as part of the program there were also several Vehicle Exploration sessions. After the successful completion of this pilot in 2018 we plan to implement a full travel training program by the end of 2019.</p> <ul style="list-style-type: none"> <li>• Throughout the pilot, a total of 251 customers participated in the program in some capacity.</li> </ul> <p>2018 Family of Services Customer Satisfaction Survey</p> <ul style="list-style-type: none"> <li>• 73% of respondents were very satisfied or satisfied</li> <li>• 83% very likely or likely to continue using FOS</li> <li>• 76% very likely or likely to recommend FOS to friend or family</li> </ul> |
| 005 | The Commission request the Chief Executive Officer, in consultation with the Advisory Committee on Accessible Transit, to consider initiating a photo identification card program to applicants eligible for Wheel-Trans services. | We expect to have a permanent Presto solution available for Sedan Taxis by 3rd quarter 2019. We have worked with the TTC Farecard Team, Presto and MetroLinx on the feasibility of establishing a new Presto ID card with a Photo by Q4. We are now exploring the cost of implementing a mandatory photo identification card program for Wheel-Trans customers only through our TTC photo Centre in conjunction with our re-classification program in 2019.   |

**Report Title: Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase One: Bus Maintenance and Warranty Administration**

**Report Date: 01/28/2014**

| No. | Recommendation  | Management Comments   |
|-----|---|---|
| 003 | The Board request the Chief Executive Officer to ensure that bus kilometre records used for scheduling preventive maintenance inspections are accurate.   | Installation of Clever Devices AVL hardware is complete as of Q1-2019. The integration of AVL will improve vehicle tracking and related vehicle monitoring will progress throughout 2019 and 2020.  |
| 008 | The Board request the Chief Executive Officer to establish standard repair times for common bus repairs, develop procedures to monitor efficiency of bus repair activities, and incorporate the standard repair times into part of technician performance evaluation. | <p>Bus repair work orders have been saved and averaged to gain estimated repair times for vehicle parts replacements. These repair times are to be used to improve efficiency and standardization from garage to garage, this review of repair times is in progress.</p> <p>Time Fame: The review should be completed Q4-2019, at that time BM staff will determine how these times may be applied to help track vehicle repair efficiency.</p> |
| 010 | The Board request the Chief Executive Officer to accurately assess failure rates of major internal bus rebuild parts as well as assessing the costs of rework associated with rebuild failures.   | IFS has been modified to allow technicians to input parts which are stock coded and tied to vehicle work orders. These parts drawn from TTC internal stock codes will allow Material Warranty staff to track and recoup warranty parts which are used as part of running maintenance. Tied to Recommendation 11 & 12. In progress.  |
| 011 | The Board request the Chief Executive Officer, in his ongoing assessment of outsourcing opportunities, to conduct a complete analysis of internal bus   | TTC Materials and Technical staff are reviewing internal TTC rebuild components verse TTC direct buy or rebuilt parts. Tied to Recommendation 10 & 12. In progress.   |

| No. | Recommendation   | Management Comments   |
|-----|--|---|
|     | rebuild costs at the Duncan Shop accounting for all key and relevant direct and indirect costs.  |   |
| 012 | <p>The Board request the Chief Executive Officer to take immediate steps to improve the current defective parts retrieval process at bus garages including but not limited to:</p> <ul style="list-style-type: none"> <li>a. Implementing adequate controls to account for and track the return of defective parts by technicians; and</li> <li>b. Enhancing efficiency of the parts retrieval process currently carried out by warranty staff.</li> </ul>   | <p>Materials and Procurement have hired a warranty administrator late in 2018, Bus Maintenance Dept. are scheduled to hire a warranty technical support person in early 2019, both will coordinate warranty on internal stock coded parts to determine a recoupment process back to vendors. As well, Material staff have generated a list of existing stock coded parts, which may have suitable alternatives from the aftermarket industry. Both of these initiatives will be formalized throughout 2019. Tied to recommendation 10 &amp; 11. In progress.</p>  |
| 013 | <p>The Board request the Chief Executive Officer to take immediate steps to maximize the use of bus warranty provisions and increase warranty recovery revenue. Such steps should include but not be limited to:</p> <ul style="list-style-type: none"> <li>a. Identifying and addressing reasons prohibiting successful filing of warranty claims;</li> <li>b. Increasing warranty claim submission rate for bus defective parts and labour hours; and</li> <li>c. Systematically tracking and monitoring claim submission rate and warranty cost recovery for the entire bus fleet.</li> </ul>   | <p>The New Vehicles Programs Dept. has now formalized the warranty tracking process, which includes monitoring reports. These reports are shared with our Vehicle Quality Section, and become part of our proactive vehicle preventative maintenance program, to reduce in service breakdowns. Management has developed a dashboard to track and monitor warranty claim submission rate however policy and procedures need to be finalized.</p> <p>Time Frame: Warranty dashboards and overall policy formalization should be completed by Q4-2019.</p>   |
| 015 | <p>The Board request the Chief Executive Officer to take steps to ensure proper accounting procedures for bus warranty claims and payments. Such steps should include but not be limited to:</p> <ul style="list-style-type: none"> <li>a. Establish proper accounting procedures for bus warranty payments including setting up accounts receivable for warranty claims, implementing procedures to adjust/write off disputed claims and periodic reconciliations;</li> <li>b. Undertake collection of all valid outstanding claims; and</li> <li>c. Review accounting procedures for warranty payments for other types of TTC vehicles including subway trains and streetcars to ensure adequate financial controls are in place.</li> </ul> | <p>Vehicle Programs Department staff are tracking and recouping new bus warranty, as part of our new vehicle purchase process. Processes are in place to track warranty submissions to vendors, handle disputes and receipt of payments to TTC accounts payable staff and tracking of outstanding accounts receivables as necessary. The bus warranty process is to be adapted to subway and streetcar assets (Item C) in Q4-2019, once this process is formalized, it will be applied to future rail car purchases. While accounting procedures exist for bus, a review will be undertaken to apply best practices and ensure consistent application across all modes.</p> |



**Report Title: Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase Two: Non-Revenue Fleet and Equipment Management and Maintenance**  
**Report Date: 02/06/2015**

| No. | Recommendation   | Management Comments  |
|-----|--|--|
| 002 | 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.  | As part of the gps hardware installation in 2019/2020 and the upgrade to the parts tracking of non-revenue vehicles, managerial reports will not be available until both other system upgrades are in place in 2020.   |
| 004 | 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.   | With the introduction of gps tracking of non-revenue assets in 2019/2020, staff will be able to monitor utilization levels and review with users the need for vehicles and allow staff to right size the fleet and allow for vehicle sharing where appropriate. The stockroom parts tracking feature, is still in pre-pilot phase for Q4-2019, with parts to vehicle tracking methodology, staff will be able to determine overall parts charges as compared with the vehicles utilization.  |
| 007 | 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. | <p>In 2017 the non-revenue fleet lifecycle criteria was updated based on City Fleet Services age and km, and this is a living document being adjusted based on the needs of users and duty cycle of the vehicle. With the addition of the stockroom parts tracking feature, staff will be able to review replacement criteria with the knowledge of vehicle running costs available by each unit.</p> <p>Time Frame: The external parts tracking pilot looking at our forklift supplied parts only, should be completed by Q4-2019. After the pilot is complete, staff will determine if this feature is feasible to be expanded to track all parts being replaced on non-revenue assets fleet wide.</p> |
| 013 | 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.   | The non-revenue gps hardware installation in 2019/2020 will allow maintenance staff to determine actual location of each asset within the TTC and attend to planned maintenance in a timely manner.  |
| 014 | 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.   | The non-revenue gps hardware installation in 2019/2020 which will interface with the TTC maintenance system, will capture vehicle use and kilometers which will facilitate efficient maintenance scheduling.   |
| 015 | The Board request the Chief Executive Officer to improve the effectiveness of the Vehicle Work Order system for non-revenue fleet  | The Duncan Shop non-revenue stock coded parts are now being inputted into IFS as of Q4-2018, which allows for parts costs per vehicle for roughly 20% of the parts used on vehicles. The majority of parts are direct just in time   |

| No. | Recommendation   | Management Comments   |
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|     | <p>management. Steps to be taken should include but not be limited to:</p> <ul style="list-style-type: none"> <li>a. Addressing existing preventive maintenance scheduling issues in the system;</li> <li>b. Ensuring adequate system access is provided to garage management staff;</li> <li>c. Re-assessing the practicality of existing data entry controls;</li> <li>d. Ensuring accuracy of system generated management reports;</li> <li>and</li> <li>e. Expanding the existing system reports to include reports on fleet management key performance indicators.</li> </ul> | <p>purchases from vendors which currently are not inputted into our maintenance system and not tied to each vehicle. Once the direct parts tracking feature is piloted in Q4-2019, staff can tie externally supplied parts to each vehicle. This pilot will determine if this feature can be applied to all direct purchased parts. TTC IT staff will generate KPI reports.</p>   |
| 016 | <p>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.</p>  | <p>IT department has an outline of KPI's which are required for Non-Revenue tracking and management support. Once GPS features are implemented 2019/2020 and kilometre vehicle tracking is in place, then quality assurance can be monitored.</p>   |
| 017 | <p>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.</p>  | <p>As part of the non-revenue external parts pilot which is to be completed by Q4-2019, this will ensure parts ordered for vehicles are tracked by the vehicles work order system. In the mean time staff still perform spot checks to ensure parts ordered for vehicles, are actually installed.</p>   |
| 018 | <p>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.</p>   | <p>Vehicle turnaround time tracking is monitored manually, with the introduction of gps hardware in 2019/2020, vehicle will be able to be tracked in and out of each repair facility.</p>   |
| 020 | <p>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.</p>   | <p>The Duncan Shop non-revenue parts tracking for internal parts are now being inputted into IFS as of Q4-2018. As the pilot proceeds for externally delivered parts and these parts are tied to work orders, staff will be better prepared to follow up on warranty issues.</p> <p>Time Frame: Q4-2019 pilot for non-revenue parts tracking should be complete. The pilot will then be evaluated to determine if it is feasible to expand to all non-revenue external parts suppliers.</p> |

**Report Title: Audit of Toronto Transit Commission Materials and Procurement Department,  
Phase One: Improving Controls to Safeguard Inventory**

**Report Date: 05/12/2016**

| No. | Recommendation  | Management Comments  |
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| 004 | <p>The Board request the Chief Executive Officer to improve the current core parts retrieval process at Toronto Transit Commission garages to account for and track the return of core parts for rebuild purposes.</p>  | <p>Core tracking was effectively launched November 5, 2018. Linking the process of bus cores in Distributed Stores with receipt of bus cores into Central Inventory control. The application was launched with some deliverables delayed, including all reporting and training. Future phases of this project will concentrate on development of:</p> <ul style="list-style-type: none"> <li>- reports aspect, with I.T.S. reviewing a variety of reports (Cores Not Received at Central Store by Garage; Cores Not Returned by Garage; Cores Not Received at Central Store by Part Number; Number of Days Delay; Receiving Core Parts (by location); Number of Days for Parts to be Received (by location))</li> <li>- core tracking review and potential to implement over Streetcar and Subway locations for cores when operation is fully 24/7 and Maximo is implemented.</li> </ul> |
| 005 | <p>The Board request the Chief Executive Officer to take steps to improve access controls to safeguard inventory at all Toronto Transit Commission satellite stores including:</p> <ul style="list-style-type: none"> <li>a. Assessing the costs and benefits of converting open stores to the 24/7 model</li> <li>b. Increasing staff compliance with the requirement to accurately record all inventory items removed from stores, and</li> <li>c. Exploring other options that can improve access controls to inventory at open stores.</li> </ul> | <p>Management has taken steps to improve access controls to safeguard inventory at all locations by converting all bus garages to 24/7 coverage, as well as continually reviewing other locations as volume justifies these costs. The same model is currently underway for streetcar/subway commodities in conjunction with Maximo implementation. Additionally, Management continues to seek improvement through implementation of other options such as algorithms, CCTV and barcoding.</p> <p>To ensure full compliance at satellite (open) stores, Management will bi-yearly send an email reminder to both staff and operations of agreement to accurately and completely record critical fields of Material Requisition forms, including: part no, quantity, employee badge and account no.</p>   |
| 006 | <p>The Board request the Chief Executive Officer to review the current state of physical security at Toronto Transit Commission inventory facilities in particular the satellite stores to ensure a reasonable level of physical security at all sites.</p>   | <p>Management monitors for updates and completion of installation of CCTV systems for remaining stores subject to information received from I.T.S. and/or Communications groups.</p> <p>This continues to be a work in progress with anticipated completion for October 2019.</p>  |
| 008 | <p>The Board request the Chief Executive Officer to review and improve the current physical count</p>   | <p>Management confirmed calculation error in formula was only result of updating spreadsheet from year to year and was corrected immediately. Strip counts continue to be performed</p>  |

| <b>No.</b> | <b>Recommendation</b>   | <b>Management Comments</b>  |
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|            | practice at Toronto Transit Commission stores, consisting of both cycle and strip counts, to achieve consistent and accurate physical count results. This should include a review of the merits and practicality of requiring staff to conduct daily "strip counts" at Toronto Transit Commission satellite stores. | and monitored at non 24/7 stores.<br><br>To ensure full compliance, Management will conduct an end of the year review, and amend as required, the minimum total count targets to ensure the merit and practicality of conducting this strip count has been considered.<br><br>Time Frame: Dec 2019  |
| 009        | The Board request the Chief Executive Officer to review and update retention requirements for each category of inventory records to ensure compliance with the City of Toronto By-law No. 867-1998. The updated record retention schedules should be documented and communicated to staff.                          | Management has achieved partial compliance in both Inventory (IR's) and Stores (packing slips) areas to maintain documentation, either on IFS, share drive or Sharepoint according to the applicable By-Law requirement. Continual efforts being made to maintain common area in Sharepoint where possible and obtain further clarification where needed from the Commission Services Group for compliance on this specific By-Law.<br><br>This continues to be a work in progress with anticipated completion for December 2019. |

**Report Title: Continuous Controls Monitoring Program - Toronto Transit Commission, Employee Overtime and Absenteeism, 2015**

**Report Date: 09/21/2016**

| <b>No.</b> | <b>Recommendation</b>  | <b>Management Comments</b>  |
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| 001        | The Board request the Chief Executive Officer to undertake a review of existing reports and ensure that effective reports for reviewing and monitoring overtime and absenteeism expenses by individual departments and the organization as a whole be developed as part of the implementation of the new financial system. | Attendance: Will put in place reporting tools both corporately and for front-line managers to have a better idea of what's going on and where the drivers of absenteeism are in the workforce. For front-line managers, this will improve reports in terms of employees with concerning absence patterns. From there, with a better handle on the data regarding their workforce, the organization will be able to target initiatives to improve attendance.<br>Overtime: SAP was launched in late 2018, and efforts are underway to finalize overtime monitoring report requirements. As a reporting module was not in scope for this wave of the implementation, a workaround solution is being considered for creating and sharing overtime monitoring tools with management and executives. Target for implementation is Fall 2019. In the meantime, ad hoc reports are being run and shared with executives, to identify problem areas where overtime needs to be managed. |

**Report Title: Review of Toronto Transit Commission Procurement Policies and Practices: Improving Materials Management and Purchasing Policies Can Potentially Result in Significant Savings**

**Report Date: 05/15/2017**

| No. | Recommendation  | Management Comments   |
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| 001 | The Board request the Chief Executive Officer, Toronto Transit Commission, to undertake the necessary steps to maximize warranty claim rate and revenue for aftermarket parts. Such steps should include an assessment of the resource and technology requirements to enable staff to systematically retrieve, track, and process aftermarket parts warranty.   | <p>The position for the Aftermarket Warranty Coordinator has been fulfilled as of 31 Dec 2018 as was agreed in the "TTC Response to Auditor General Report - Procurement Policies &amp; Practices" ARMC February 15, 2018.</p> <p>Phase 2 will include onboarding of the employee and with full support of the entire team, the focused work will commence on the warranty coordination. Estimated savings will be tracked. The position will work closely with the new vehicles warranty team and will utilize the work methods and IT tools used by that team.</p> <p>In progress - Estimated completion 31 Dec 2019</p>  |
| 002 | The Board request the Chief Executive Officer, Toronto Transit Commission, to undertake steps to improve the tracking and retrieving of cores in order to maximize the use of cores in vehicle rebuild programs and avoid paying for additional core charges when purchasing remanufactured parts.  | <p>Core tracking was effectively launched November 5, 2018. Linking the process of bus cores in Distributed Stores with receipt of bus cores into Central Inventory control. The application was launched with some deliverables delayed, including all reporting and training. Future phases of this project will concentrate on development of:</p> <ul style="list-style-type: none"> <li>- reports aspect, with I.T.S. reviewing a variety of reports (Cores Not Received at Central Store by Garage; Cores Not Returned by Garage; Cores Not Received at Central Store by Part Number; Number of Days Delay; Receiving Core Parts (by location); Number of Days for Parts to be Received (by location))</li> <li>- core tracking review and potential to implement over Streetcar and Subway locations for cores when operation is fully 24/7 and Maximo is implemented.</li> </ul> <p>Estimated completion: Dec 2019</p>  |
| 003 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to review and address the parts shortages issue and its impact on vehicles out of service, rebuild delays, vehicle spare ratios, and materials requests turnaround time. Steps should be taken but not be limited to:</p> <ul style="list-style-type: none"> <li>a. Reducing delays in processing inventory requests</li> <li>b. Minimizing repetitive purchases of the same parts in small quantities</li> <li>c. Measuring and reporting materials requests turnaround time</li> <li>d. Ensuring alignment of Materials Management's performance</li> </ul> | <p>Steps and initiatives being worked on are:</p> <ul style="list-style-type: none"> <li>a. IR delays- both process and manpower reviews are being done. Request for a dedicated resource (inventory admin) is under approval process to replace the current system where Master data entry is being done by transitional workers causing inconsistency and longer processing time. IT has been engaged to provide more automated tools for the process.</li> <li>b. Report: 0375-MP-0061 reviewed by Purchasing and Inventory. Recommendations will be carried out.</li> <li>c. Fill rate report 0375-INV-0160 and 0375-INV-0160a measures all sites from point user places request. Monitored on monthly basis.</li> <li>d. Review underway to streamline stats. some enhancements have been made.</li> <li>e. IFS controls are in place to restrict all users, except stores persons, from deleting a Material Requisition line when not in Planned or Released Status.</li> </ul> |

| No. | Recommendation   | Management Comments  |
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|     | <p>indicators with TTC priorities<br/>e. Strengthening IFS system controls to monitor parts requests deletions.</p>  | <p>Estimated completion - 30 Nov 2019</p>  |
| 004 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to review the current method of centrally procuring low dollar purchases through the Materials and Procurement Department, and explore ways to improve efficiency, and minimize delays and the backlog of outstanding purchase requisitions.</p> | <p>M&amp;P has started to implement some changes in the process of procuring small dollar purchases.</p> <ol style="list-style-type: none"> <li>1. Currently purchase transactions up to \$10K only require one quote (changed from \$4K); consideration will be given to increasing this limit (e.g. to \$25K) as a part of an overall policy/procedure review noted in Recommendation # 5</li> <li>2. M&amp;P issued a corporate notice in June 2017 to advise of changes to the process for purchasing goods under \$250 in value - TTC end users to use the Purchasing Card for direct ordering from the vendor, eliminating the need for Purchase Requisitions to be sent to M&amp;P.</li> <li>3. Staff continue to process an increased number of blanket orders and add new items to blanket orders.</li> </ol> <p>Progress has been made with some solutions. The process is still under review and will be further addressed with the updating of TTC's Procurement Policy (which requires Board Approval). Staff plan to bring a Board Report forward in Q4 2019. Additional resources are required to realize efficiencies.</p> <p>Estimated completion – December 31, 2019</p> |
| 005 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure procurement policies and procedures provide clear directions and guidelines for Buyer's Discretion purchases and its subsequent amendment, and applicability of the dollar threshold.</p>  | <p>EY consultants have reviewed our Procurement Policies and Procedures (including Buyer discretion) and recommended changes in consideration of industry best practices. M&amp;P is considering the recommended changes and reviewing with stakeholders (CPPWG), policy changes are expected in 2019 (subject to TTC Board approval), some procedural changes have been implemented (e.g. for compliance with applicable trade agreements, CFTA, CETA)</p> <p>TTC Board approval is required to update the TTC Procurement Policy. Staff plan to bring a Board Report forward in Q4 2019.</p>   |
| 006 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to implement measures to monitor compliance with Buyer's Discretion procurement policy requirements, and to ensure the requirements are effectively communicated to staff involved in the procurement process.</p>                               | <p>Per the status update under Recommendation # 5, Procurement Policies and Procedures have been reviewed by EY and are being updated. An updated audit procedure of Buyer Discretion will be completed in Q2 2019.</p> <p>TTC Board approval is required to update the TTC Procurement Policy. Staff plan to bring a Board Report forward in Q4 2019.</p>   |
| 007 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to identify strategies to improve response rate for competitive procurement and such</p>   | <ol style="list-style-type: none"> <li>a. Free detailed notices of tenders are provided via M&amp;P's use of MERX, procedure updated to ensure compliance with CETA.</li> <li>b. Bid response time has been extended for compliance with</li> </ol>  |

| No. | Recommendation  | Management Comments   |
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|     | <p>strategies to include but not be limited to:</p> <p>a. providing free viewing of tender documents or detailed notices of tenders</p> <p>b. extending bid response time for complex specifications</p> <p>c. Identifying alternate sources of supply and revise its current minimum quotes requirement to invite five or more suppliers where low bid response rates are evident.</p> | <p>CETA.</p> <p>c. alternate sourcing solutions are on-going, refer to the status update under Recommendation # 11. policy/procedure review and updates are underway - refer to the status update under Recommendation # 5</p> <p>a. has been implemented per above, b. has been implemented for high-value procurements per CETA, c. is partially done - alternate sourcing desired effectiveness requires additional resources. Inviting 5 or more suppliers where low bid response rates are evident requires potential resources and/or technology upgrades, target is Q3 2019.</p> |
| 008 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission (TTC) to formalize the process and requirements for seeking client department input in the bid evaluations for purchases involving subjective criteria or complex technical aspects. The formalized procedure should be posted on TTC intranet to be accessible by all staff.</p>                          | <p>Procedures on seeking client department input for bid evaluations exist. Per the status update under Recommendation # 5, Procurement Policies and Procedures have been reviewed and are being updated. M&amp;P will work toward ensuring procedures are posted on the intranet site and accessible by staff.</p> <p>Expect completion in Q4 2019, existing procedures will be reviewed in the context of updated Policies and procedures and posted on the intranet.</p>   |
| 009 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission (TTC), to review and strengthen the TTC's current non-competitive procurement policy and procedure requirements to ensure all sole and single source purchases are justified, and adequately reviewed and authorized.</p>  | <p>Per the status update under Recommendation # 5, Procurement Policies and Procedures have been reviewed and are being updated (including non-competitive procurement policies/procedures). M&amp;P has commenced the use of NOI's.</p> <p>TTC Board approval is required to update the TTC Procurement Policy. Staff plan to bring a Board Report forward in Q4 2019.</p>   |
| 010 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to consider publishing a notice of sole source intent prior to engaging in non-competitive procurement for large dollar value sole source purchases where only one company is known to supply the goods or services but others may exist.</p>   | <p>Per the status update under Recommendation # 5, Procurement Policies and Procedures have been reviewed and are being updated (including the use of NOI's). M&amp;P has commenced the use of NOI's (as noted in the status update under Recommendation # 9), this process will be formally addressed with the updating of TTC's Procurement Policy (which requires Board Approval). Staff plan to bring a Board Report forward in Q4 2019.</p> <p>Estimated completion – December 31, 2019</p>  |
| 011 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission (TTC), to expand and actively pursue alternate sourcing to reduce purchase costs for replacement parts, and to ensure the alternate sourced products are adequately reviewed and tested for TTC operations.</p>  | <p>Alternate Sourcing: TTC has started the process of identifying and vetting alternate suppliers for different parts, specifically, TTC identified 100 alternative parts through a Request for Information process. These items were priced through the RFI and information was sent to Bus maintenance departments. Alternate parts need to be vetted against TTC performance and quality expectations and trials need to commence.</p> <p>Departmental staff are working toward achieving this goal, however desired effectiveness of the program requires additional resources.</p> |

| No. | Recommendation   | Management Comments   |
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|     |  | <p>"TTC Response to Auditor General Report - Procurement Policies &amp; Practices" presented to the ARMC on February 15, 2018.</p> <p>Estimated partial completion (10 parts) – December 31, 2019</p>   |
| 012 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to establish a comprehensive Blanket Contract policy and procedural requirements detailing minimum dollar threshold and ongoing review and renewal processes.</p>  | <p>Per the status update under Recommendation # 5, Procurement Policies and Procedures have been reviewed and are being updated (including those concerning blanket orders).</p> <p>A formal Policy has not been created. Staff plan to bring a Board Report forward in Q4 2019 to update the TTC Procurement Policy. Blanket Orders continue to be issued.</p>   |
| 013 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission (TTC), to reduce annual purchase costs where feasible by establishing Blanket Contracts or expanding existing price agreements with vendors of concentrated spending and repetitive purchases. Periodic analysis of TTC's overall purchase activities to identify Blanket Contract opportunities should also be undertaken.</p> | <p>The "TTC Response to Auditor General Report - Procurement Policies &amp; Practices" presented to the ARMC on February 15, 2018 on Increasing Blanket Orders noted "The TTC continues to create blanket orders. In 2017, approximately \$78 Million of blanket orders were created, driving improved discounts and increased buyer productivity (3,200 items)."</p> <p>Efforts continue to create new blanket orders and add items to existing blanket orders, we anticipate ordering a higher number of items on blanket orders in 2018 compared to 2017.</p> <p>Blanket orders continue to be created, a more in-depth analysis and a greater expansion of the program including overall category/spend management requires additional resources. This is planned in conjunction with Blanket Policy updates. Staff plan to bring a Board Report forward in Q4 2019 to update the TTC Procurement Policy.</p> |
| 014 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure that all procurement policies, procedures, and forms are up to date and that staff have a single-point electronic access to procurement policies, procedures and forms.</p>  | <p>Per the status update under Recommendation # 5, Procurement Policies and Procedures have been reviewed and are being updated. Policies, forms and several procedures are available on-line (TTC's intranet site), M&amp;P will work toward ensuring all are posted on the intranet site and accessible by staff.</p> <p>Staff plan to bring a Board Report forward in Q4 2019 to update the TTC Procurement Policy. This will include an update to existing procedures. Posting updated policies &amp; procedures on-line is planned for Q4 2019</p>   |
| 015 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission (TTC), to regularly report to the Board on TTC's procurement statistics and performance indicators.</p>   | <p>Per the status update under Recommendation # 5, Procurement Policies and Procedures have been reviewed and are being updated. A procedure under review will address this item - M&amp;P plans to provide statistical information on procurement activity to the CEO for inclusion into the CEO's report (subject to the CEO's review).</p> <p>Staff plan to bring a Board Report forward in Q4 2019 to update the TTC Procurement Policy. Updated procedures will consider appropriate reporting of statistical information to the Board.</p>  |



| <b>No.</b> | <b>Recommendation</b>  | <b>Management Comments</b>   |
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| 016        | The Board request the Chief Executive Officer, Toronto Transit Commission, to undertake steps to review and enhance the monitoring and controls of the Purchase Card program. Such steps should include a review of the level of staff resource, effectiveness of the current spot audits, and the transaction review and approval process.  | A new staff position (Purchasing Card Coordinator) has been included in the 2019 Budget in order to expand the use of the Purchasing Card program and implement the recommendations as noted in the AG report. M&P will proceed with the hiring process in 2019, subject to Budget approval.   |
| 017        | The Board request the Chief Executive Officer, Toronto Transit Commission, to explore ways to expand the current Purchase Card (PCard) program with a view to utilizing PCard to improve the efficiency of the agency's purchasing functions.  | Refer to the status update under Recommendation # 16. Once the Purchasing Card Coordinator is on-boarded, the program will be expanded for low value transactional purchases.  |
| 018        | The Board request the Chief Executive Officer, Toronto Transit Commission (TTC), to ensure the Purchase Card process is considered when reviewing and revising TTC procurement policy dollar thresholds.   | <p>Per the status update under Recommendation # 5, Procurement Policies and Procedures have been reviewed and are being updated (including the Purchasing Card process). Also, refer to the status update under Recommendation # 16.</p> <p>The Purchasing Card process will be considered, the Procurement Policy has yet to be updated. Staff plan to bring a Board Report forward in Q4 2019 to update the TTC Procurement Policy.</p>  |
| 019        | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to report to the Board on an annual basis on savings achieved as a result of implementing the recommendations from this report, including information regarding:</p> <ul style="list-style-type: none"> <li>- identifying alternate sourcing</li> <li>- pursuing aftermarket parts warranty</li> <li>- initiating further Blanket Contracts or expanding the product catalogue of existing Blanket Contracts</li> <li>- retrieving and tracking cores</li> </ul> | <p>The precise procurement data/statistics and reporting methods are yet to be determined, and will vetted through M&amp;P to the CFO and CEO's office.</p> <p>alternate sourcing - see recommendation #11 hereto<br/> aftermarket parts warranty - see recommendation #1 hereto<br/> expand Blanket Contracts - see recommendation #12 hereto<br/> core tracking - see recommendation #2 hereto</p> <p>Board Approval of an updated Procurement Policy and additional resources are required in order to fully implement the AG's recommendations, realize savings identified by the AG, and report on the same.</p> <p>Time Frame: December 31, 2019</p> |

**Report Title: Review of Toronto Transit Commission Accounts Payable Functions: Improving Invoice Verification and Vendor Account Management**

**Report Date: 09/15/2017**

| No. | Recommendation  | Management Comments  |
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| 001 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to review the results of the sampled invoices and potential overpayments identified by the Auditor General in this report, assess whether additional overpayments exist in other related invoices from the same vendors, and recover the overpayments from the vendors where appropriate.</p>   | <p>Review of potential overcharges and billing errors on certain invoices identified in the audit was completed.</p> <p>Staff will be undertaking a second review to complete the review of remaining invoices and additional samples following the hiring of a new section manager in 2018. Identified vendors will be revisited to ensure potential billing errors have not persisted. Accounts Payable staff will continue to work with contract administrators and user departments to ensure billing errors are identified and addressed in a timely manner.</p> <p>Time Frame: October 2019</p>  |
| 002 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to enhance the existing invoice verification processes to provide reasonable assurance that invoices are paid according to the contract terms and prices. Consideration should be given to:</p> <p>a. Provide guidelines and training to user department approvers on the importance of invoice verification and the specific information that should be reviewed prior to invoice approval.</p> <p>b. Incorporate monitoring measures to verify, at least on a sample basis, that the approved invoices by user departments have been adequately reviewed to be consistent with contract terms and prices.</p> | <p>a. Completed. User departments that were identified as requiring training have been provided with direct support and training. In addition, as part of SAP Phase 1 implementation a "How to Code an Invoice" user guide was developed and distributed to all user departments for training purposes with an organizational-wide communication on October 17, 2018.</p> <p>b. Accounts Payable Coordinators continue to verify invoices as part of the payment process. An additional AP position was approved as part of the 2018 budget process. With the new section manager, AP revisited the job description and worked with HR to review and approve the job description before commencing recruitment. The position was filled in early 2019 and work continues to develop a process for tracking compliance by user departments.</p> <p>Time Frame: March 2020</p> |
| 003 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to maintain a reasonably accurate and complete Vendor Master File to minimize the risk of duplicate or incorrect payments to vendors. Steps to be undertaken should include, but not be limited to:</p> <p>a. Conduct a one-time comprehensive review of vendor accounts to purge the large number of duplicate and inactive accounts.</p> <p>b. Implement adequate system functionalities to enable staff to update vendor account records in</p>  | <p>The data clean up in October 2016 reduced the number of vendors in the Vendor Master File from 39,648 to 4,324. A subsequent vendor clean up exercise was completed in September 2017. M&amp;P is following their process to ensure their vendor data is up-to-date.</p> <p>AP is also continuing to work with Information Technology staff to deactivate inactive vendors in IFS (vendors without payments since September 1, 2017).</p> <p>To continue to address this requirement, all audit recommendations have been included in the preplanning and design phase of SAP Phase II Accounts Payable / Accounts Receivable and have been provided to the Project Manager. Actual completion of implementation is subject to completion of the SAP project. A key component of SAP Phase II Accounts Payable / Accounts Receivable is data management</p>               |

| No. | Recommendation  | Management Comments  |
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|     | <p>the system.</p> <p>c. Periodically review the vendor account records to ensure the required information is obtained and accurately entered into the system.</p> <p>d. Ensure staff responsible for creating vendor accounts or maintaining the Vendor Master File are provided with an updated and comprehensive procedure manual outlining the key information requirements and processes.</p>  | <p>including data clean up.</p> <p>In additional, there is potential additional work required as part of the M&amp;P phase with preplanning and design work expected to commence upon completion of the SAP Phase II AP/AR.</p> <p>Time Frame: 2021</p>  |
| 005 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to review the current payment process and identify opportunities to further reduce the number of late payments and to take advantage of early payment discounts.</p>  | <p>Ongoing. A report listing the discounts expiring within 10 days from the date of the report is sent to Receiving on a daily basis, emphasising the need to complete payment requirements when feasible to obtain early payment discounts.</p> <p>In 2018, the TTC was able to realize \$345,744 in early payment discounts.</p> <p>Further enhancement opportunities will also be included as part of the SAP Phase II design.</p> <p>Time Frame: 2021</p>  |
| 006 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to review and enhance current cheque request policies to ensure adequate use of cheque requests by staff. Steps should be taken, but not be limited, to:</p> <p>a. Clearly define the items that can be procured using cheque requests.</p> <p>b. Regularly review and identify repeated cheque request purchases that should have been procured using Purchase Orders or Blanket Contracts.</p> <p>c. Clarify the monitoring measures and responsible departments in the policy.</p> | <p>The equivalent of the City's "Schedule A" has been completed and reviewed by City staff in Accounting Services. This document defines all items that can be obtained without undergoing a procurement process and processed for payment without a purchase order or non-competitive process documentation. The next step is to receive formal approval as part of the TTC Procurement Policy.</p> <p>We also continue to work with M&amp;P and user departments to address repeated cheque requests for purchases that should follow the procurement process.</p> <p>Time Frame: March 2020</p> |
| 008 | <p>The Board request the Chief Executive Officer, Toronto Transit Commission, to continue its effort to increase the use of Electronic Fund Transfer for vendor payments, in particular for vendors who receive multiple payments from the agency per month.</p>  | <p>Ongoing. We are working with our financial institution to implement the ability to pay US vendors via EFT. For 2018 (Canadian dollar payments), 73% of payments were made via EFT, or 69% of the total dollar value, with over 700 Canadian vendors added to EFT over the last year.</p> <p>Vendor management is also a consideration in the preplanning and design phase of SAP Phase II for Accounts Payable.</p>   |

| No. | Recommendation   | Management Comments  |
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|     |  | Time Frame: 2021   |
| 009 | The Board request the Chief Executive Officer, Toronto Transit Commission, to identify opportunities to further improve the efficiency of the duplicate payment identification and verification process. | <p>Potential Duplicate Invoice Report is generated and reviewed daily to identify invoices that need to be investigated. Duplicate Invoice Report is generated monthly to identify invoices that continue to require investigation. Staff take appropriate measures to resolve potential duplicates.</p> <p>Staff submitted a service request with IT support to make improvements to the report to only pick up true duplicates. That report is not yet in production. Staff will continue to explore possible enhancements utilizing IFS data and determine additional criteria to be included to produce better results. Time frame for implementation of enhanced reporting is November 2019.</p> <p>Opportunities for further enhancements are also being included in the preplanning and design phase of SAP Phase II Accounts Payable / Accounts Receivable and have been provided to the Project Manager. Actual completion of implementation is subject to completion of the SAP project.</p> <p>Time Frame: 2021</p> |

**Report Title: Auditor General's Office - Review of Complaint Regarding the June 29, 2016 Toronto Transit Commission Briefing Note**  
**Report Date: 10/13/2017**

| No. | Recommendation  | Management Comments  |
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| 002 | City Council request the City Clerk implement protocols defining when it is appropriate to share briefing notes, as well as an online public repository to house briefing notes, bulletins, announcements and similar communications issued by City divisions and agencies, similar to the one maintained by the City of Vancouver, and direct the City Manager to ensure that City divisions and agencies submit copies of any such correspondence to the City Clerk for the register. | The City Clerk's Office has completed development and launched (2018Q4) the Notices Management Information System (NMIS) which will, among other things, house the online repository of communications (toronto.ca/notices). The City Clerk's Office is currently working with the City Manager's Office to develop business rules supporting the disclosure of the requested information with the aim of launching in 2019 Q2.  |
| 003 | The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure its briefing note distribution protocols align with and integrate seamlessly with the City distribution protocols.   | In 2017, the Commission Services Department assumed responsibility for a centralized approach to the distribution of briefing notes to TTC Board members and/or members of Council. The intent of the centralized distribution approach is to ensure that there is consistency, fairness and transparency in the sharing of information that may inform decision making. The foregoing is consistent with the key principles identified in the Auditor General's report. |

| <b>No.</b> | <b>Recommendation</b> | <b>Management Comments</b>  |
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|            |                       | <p>In addition, the updates to the Correspondence/Contacts with Elected Officials and Members Appointed to the TTC Board policy (attached) formally establishes the TTC's protocol when it comes to briefing notes that relate to matters to be considered by the TTC Board or members of Council (Section 4.1), as well as the centralized distribution requirement through the Commission Services Department referred to above (Section 4.5).</p> <p>The policy also provides direction to employees on how to manage more general communications with TTC Board members and members of Council that do not directly relate to a future decision of the TTC Board or Council. In particular, matters that are specific to individual Wards where there are no broader TTC impacts to consider (Local Ward Issue Notes), and matters that may have a broader impact on TTC customers throughout the City of Toronto.</p> <p>Lastly, the TTC will remain in contact with the City Clerk's Office on future uses of the Notices Management Information System (NMIS) as it may pertain to the TTC. It is anticipated that any changes to the TTC protocol to align with City protocols can be implemented by Q3/2019.</p> |