TORONTO

REPORT FOR ACTION

Toronto Transit Commission – Results of 2021 Follow-up of Previous Audit Recommendations

Date: August 31, 2021
To: Toronto Transit Commission Audit and Risk Management Committee
From: Auditor General
Wards: All

SUMMARY

The Auditor General reviews the implementation status of recommendations made through her audit and investigation reports. The results of the review are reported to City Council through the Audit Committee.

This report provides the status of the implementation of the 157 audit recommendations contained in the following 12 reports, one management letter and one investigation report 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
- Audit of Toronto Transit Commission Materials and Procurement Department, Phase One: Improving Controls to Safeguard Inventory, 2016
- Continuous Controls Monitoring Program – Toronto Transit Commission, Employee Overtime and Absenteeism, 2016
- Review of Toronto Transit Commission Procurement Policies and Practices: Improving Materials Management and Purchasing Policies Can Potentially Result in Significant Savings, 2017
- Review of Toronto Transit Commission Accounts Payable Functions: Improving Invoice Verification and Vendor Account Management, 2017

- Auditor General's Office - Review of Complaint Regarding the June 29, 2016 Toronto Transit Commission Briefing Note, 2017 (Investigation Report)

- Toronto Transit Commission: Managing Telecommunication Contracts and Payments, 2018

- Review of Toronto Transit Commission Procurement Policies and Practices: A Case Study to Improve Future Wheel-Trans Accessible Taxi Services Procurement, 2018

- Review of Toronto Transit Commission (TTC) Employee Expenses and Reward and Recognition Programs: Opportunities to Improve Policies and Controls and Save Costs, 2018

- Toronto Transit Commission – More Effective Management of Core Components, 2018 (Management Letter)

- Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection, 2019

- Review of Toronto Transit Commission's Revenue Operations: Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue, 2019

TTC has made substantial progress in many areas. As of August 4, 2021, TTC reported that 72 recommendations have been fully implemented, three recommendations are no longer relevant, and action continues on another 82 recommendations. The current status of open recommendations, as reported by management, is summarized in Table 1.

Table 1: Current Status of Open Recommendations Issued Between December 2012 and October 2019

Description	Implementation Status Reported by Management as of August 4, 2021			
	Fully Implemented	No Longer Relevant	In Progress[1] (Not Fully Implemented)	Total
TTC Audit Reports	**67**	**2**	**80**	**149**
TTC Management Letter	**5**	**0**	**1**	**6**
Investigation Report	**0**	**1**	**1**	**2**
Total	**72**	**3**	**82**	**157**

Of the 157 recommendations issued to TTC, 84 are considered high-priority recommendations where a significant potential for savings, or health and safety risks, or

[1] The Auditor General's system is updated on a continuous basis by management. Recommendations reported as fully implemented after August 4, 2021 are still included in this column.

risks to the City's reputation are involved. In addition, recommendations that have remained outstanding for over five years are also considered high priority.

Given the large number of recommendations reported by management as fully implemented, we focused on verifying the status of high-priority recommendations, followed by other recommendations management reported as fully implemented at the beginning of March 2021.The results of our Office's follow-up review are summarized in Table 2.

Of the 46 audit recommendations where we performed follow-up work (40 high priority and 6 other) and reported by management as fully implemented, we verified that 39 (33 high priority and 6 other, 85 per cent) were fully implemented and two (high priority, 4 per cent) were no longer relevant. Of those where we concluded that the recommendation had not been fully implemented, we saw substantial progress. The implementation of the remaining five recommendations is in progress. We did not verify whether the remaining 33 recommendations reported by management as fully implemented are indeed implemented, as they were either not considered high priority and/or validation is in progress for the next TTC follow-up report.

Table 2: Results of the Auditor General's Review of the Recommendations Management has Reported as Fully Implemented

Description	Management Assertions				Validation by Auditor General's Office In Progress	Status of Recommendations based on Auditor General's Follow-Up				
						High Priority			Other FI	Total
	FI High Priority	FI Other	No Longer Relevant	Total		FI	No Longer Relevant	NFI		
TTC Audit Reports	45	27	2	**74**	33	28	2	5	6	**41**
TTC Management Letter	5	0	0	**5**	0	5	0	0	0	**5**
Total	**50**	**27**	**2**	**79**	**33**	**33**	**2**	**5**	**6**	**46**

Audit recommendations verified by the Auditor General as fully implemented, or are no longer relevant, are listed in Attachment 1 and Attachment 2 respectively. High-priority audit recommendations where implementation is in progress, as well as management's comments and action plans, are included in Attachment 3.

Management also reported an additional 33 recommendations as fully implemented that we are in the process of validating. Management actions to address these recommendations are included in Attachment 4.

The status of the investigation recommendations are included in Attachment 5. The only investigation recommendations are from the report entitled "Auditor General's Office -

Review of Complaint Regarding the June 29, 2016 Toronto Transit Commission Briefing Note, 2017". These recommendations were not included in the scope of our current follow-up review. We will be undertaking work to validate management's assertions in the near future.

The results of this follow-up review will be included in our consolidated report on the status of outstanding recommendations to be presented at the City's November 2, 2021 Audit Committee meeting.

We express our appreciation for the co-operation and assistance we received from TTC management and staff in implementing the Auditor General's new recommendation tracking system and providing regular updates on the status of recommendations.

RECOMMENDATIONS

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

The recommendation in this report has no financial impact.

DECISION HISTORY

The follow-up of outstanding recommendations is required by Government Auditing Standards. The process is important as it helps to ensure that management has taken appropriate actions to implement the recommendations from previous audit reports.

Toronto's Municipal Code, Chapter 3, Section 3.1.6 also requires the Auditor General to submit the annual report required under Subsection A to Council through the Audit Committee, which also includes the savings achieved.

The follow-up review is part of the Auditor General’s Annual Work Plan. The Auditor General reports to the respective Boards of City agencies and corporations and the City's Audit Committee each year on the implementation status of outstanding recommendations.

The Auditor General's follow-up of outstanding recommendations does not constitute a performance audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). However, we believe that we have performed sufficient work to validate management's assertions on the implementation of recommendations.

COMMENTS

The Auditor General's follow-up work was impacted by the COVID-19 pandemic. In 2020, we deferred our follow-up work that was in-progress to enable City divisions, agencies and corporations to focus on the delivery of essential services.

During this time our Office implemented a new audit management technology solution. The new system allows management to update the implementation status of outstanding recommendations online throughout the year. With the new system in place, we can continuously track and report out on management's assessment of implementation progress and target completion dates.

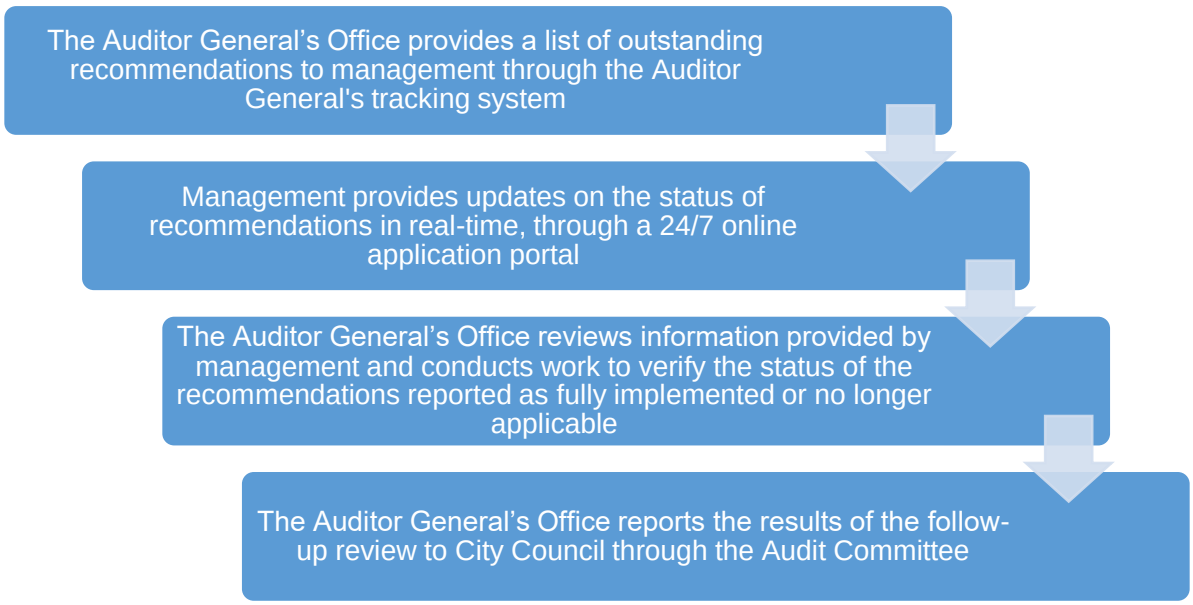
Our follow-up process, as summarized in Figure 1, requires management to review the outstanding audit recommendations and provide information on their implementation status.

Where management is continuing to take action to address recommendations and has reported the recommendation as not yet fully implemented, we do not conduct further work.

For recommendations that management has reported as fully implemented or no longer applicable, management is required to explain why the recommendation is considered fully implemented or no longer applicable and provide sufficient and relevant supporting documentation. The Auditor General's Office conducts work to verify the status of these recommendations.

The Auditor General's Office is unable to validate management's assertions that recommendations are fully implemented if agencies and corporations do not provide sufficient evidence of actions taken.

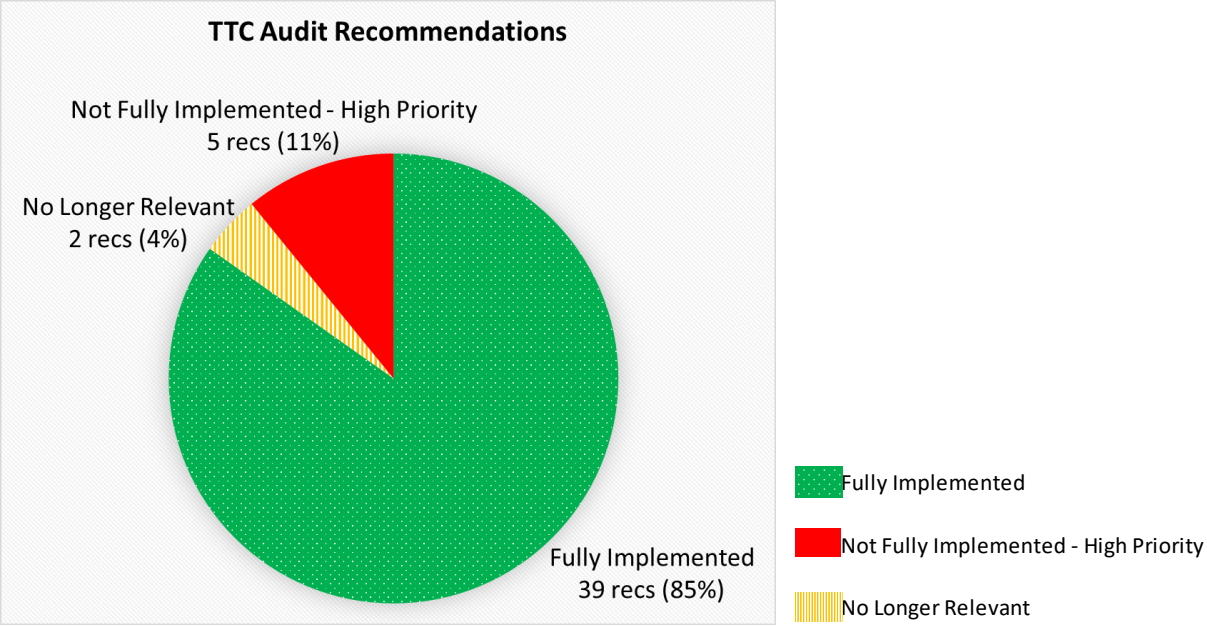
Figure 1: Key Steps in the Recommendation Follow-Up Process



City divisions, agencies and corporations have been requested to update the recommendation tracking system with the current implementation status of outstanding recommendations on an ongoing basis.

Our current follow-up review included verification of the recommendations management reported were fully implemented as of August 4, 2021. Although our focus for this round of follow-up was mainly to verify that the high-priority recommendations were implemented, we were also able to verify the status of some other recommendations. As illustrated in Figure 2, of the 46 recommendations we reviewed, 39 (85 per cent) were determined to be fully implemented, two (4 per cent) were determined to be no longer relevant, and five (11 per cent) were not yet fully implemented, however substantial progress had been made on many of these.

Figure 2: Results of Auditor General's Validation of Recommendations Management Reported as Fully Implemented



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 City's 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.

SUMMARY OF NOTEWORTHY 2021 FOLLOW-UP REVIEW RESULTS

TTC has undertaken significant work to fully implement many recommendations, including the 39 recommendations that we have verified as fully implemented in this follow-up review. We have described the noteworthy results by audit in this report. Although our audits identified the issues and provided a road map including our recommendations, it is TTC that has done the hard work to implement the

recommendations and, in many cases, achieved related significant cost savings, cost avoidance, improved controls, or other non-monetary benefits. In particular, TTC has made significant progress in the following areas noted during this follow-up review:

A. Procurement, Materials Management, and Cores Management – TTC realized over $2 million in net savings in 2020 from aftermarket parts warranty and alternate sourced parts, and TTC estimates $2.5 million annual savings by the end of 2021. TTC also made significant progress to improve the retrieval and tracking of cores.

B. Bus Maintenance – TTC made significant progress in reducing the standard repair time by two hours for one of its common bus repairs (brake reline) and will likely identify more parts with reduced repair time and increased productivity. TTC has also significantly reduced its internal rebuild of parts and started sourcing the parts from external vendors as it is less expensive.

C. Telecommunication – TTC achieved cost avoidance by leveraging the City's agreement with its wireless vendor and achieved benefits in completing the conversion of its planned VOIP lines.

D. Wheel-Trans – TTC undertook significant work and integrated Wheel-Trans customers into the accessible conventional transit system and is expecting cost avoidance once ridership levels increase post the COVID-19 pandemic.

E. Continuous Monitoring of Employee Overtime and Absenteeism – the prioritization of this area by TTC's CEO and the completion of Wave 1 of the new system by TTC has helped staff to more closely monitor overtime and absenteeism on a continuous basis.

F. TTC Revenue Operations (Fare Evasion and PRESTO Equipment) – TTC is expecting some recovery of its revenue loss from PRESTO once negotiations conclude.

Some of the areas such as Wheel-Trans and TTC Revenue Operations (fare evasion) were impacted by reduced ridership as a result of COVID-19, and the resulting cost avoidance / increased revenue / savings have not yet been realized by TTC. We will continue to work together with management to quantify and report out on related cost savings and cost avoidance as these continue to be realized in the future.

NOTEWORTHY 2021 FOLLOW-UP REVIEW RESULTS

A. Procurement, Materials Management, and Cores Management

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

Management Letter: Toronto Transit Commission – More Effective Management of Core Components, 2018

The objective of our audit was to assess whether TTC's procurement policies, procedures and practices are fair, transparent, cost effective, and achieving the best value. The audit identified that many aspects of TTC's procurement policies and practices need to be substantially improved or revamped to achieve efficient and effective operations and the best value. We also identified a few significant cost savings opportunities, and inventory management issues that negatively impacted TTC's day-to-day customer service. The audit report is available at:

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

Subsequent to the 2017 audit report, the Auditor General also issued a management letter to the CEO of TTC in September of 2018 to inform them of the gaps that continued to exist in the TTC's core components retrieval, tracking, and management process, and to provide recommendations to help improve the process.

Of the 19 recommendations in the 2017 report entitled "Review of Toronto Transit Commission Procurement Policies and Practices: Improvement Materials Management and Purchasing Policies Can Potentially Result in Significant Savings", we verified that eight recommendations were fully implemented. Management continues to take action to address the remaining 11 audit recommendations.

In addition, we verified that five of the six recommendations from the management letter have been fully implemented. Management continues to take action to address the one remaining recommendation.

In our June 2017 audit report, we highlighted the opportunities for significant potential savings by:

- Pursuing Aftermarket Parts Warranty and Maximizing Warranty Claim Rate
- Improving Retrieval and Tracking Cores
- Expanding Alternate Sourcing for Replacement Parts
- Expanding Blanket Contracts

TTC has fully implemented recommendations 1 and 11 by setting up the programs to identify and manage warranty claims for aftermarket parts and to expand and actively pursue alternate sourcing. Efforts made by TTC staff are outlined below.

1. Significant work and a positive culture shift

TTC has undertaken significant work to develop these programs. We also noticed a positive cultural change during our follow-up review. For example, the TTC Materials Management and the Procurement and Category Management departments have been working closely with the operations/user departments for both of the programs to identify and/or examine parts that can be alternatively sourced or tracked to utilize the aftermarket parts warranty.

2. Improvements in managing aftermarket parts warranty claims and expanded use of alternative sourcing

Both of the aftermarket parts warranty and alternate sourced parts programs are at their early stage. TTC has realized net savings of over $2 million from both aftermarket parts warranty and alternate sourced parts in 2020. TTC advised that by the end of 2021, there will be $2.5 million net annual savings from these programs as compared with before they were implemented. TTC is also currently reviewing the savings to be included for its 2022 budget.

3. Increasing the use of Purchase Card to reduce procurement processing costs

The audit identified that procurement specialists were spending a great deal of time processing low-dollar transactions. TTC has implemented recommendation number 4 making it mandatory to use the Purchasing Card for any non-repetitive and non-stock related purchases valued at $5,000 or less.

By TTC staff no longer centrally procuring low dollar (valued less than $5,000) purchases through the Procurement and Category Management department, TTC Procurement was able to improve its efficiency by reducing the backlog of outstanding purchase requisitions by 800, from 1,900 during the last half of 2016 to the average of approximately 1,100 over the last 12 months from July 2020 to June 2021. This 43 per cent reduction frees up procurement staff to focus on sourcing key transportation parts sooner. TTC avoided the cost of having to hire procurement specialists to address such a high backlog and the procuring of parts faster helped to keep TTC buses on the road, and streetcar and subway systems operating, to serve the riding public. The Procurement and Category Management Department advised that they are also able to work on larger complex procurements and pursue strategic initiatives without hiring additional procurement specialists.

Recommendations 2 and 13 remain outstanding, although significant progress has been made to implement the recommendations and is outlined below.

4. Cores Management - Improvement of retrieval and tracking of cores

Recommendation 2
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.

TTC has made substantial progress in improving the process, procedures and the system to track, retrieve and use the core parts. TTC was innovative in implementing a core tracking application (App) in 2018, which interfaces with TTC's Industrial Financial System (IFS). The new App allows TTC to track the core components by location, document the reasons for any missing/lost cores components, and enables Materials Management to review and investigate.

In order for TTC to maximize the use of cores and avoid paying for additional core charges when purchasing remanufactured parts, additional improvement needs to be made, such as rolling out the process to all garages (including the ones for streetcars and subway) and to update and monitor the related KPI targets.

In partially implementing this recommendation, together with full implementation of five recommendations from the 2018 management letter, TTC estimates savings in the range of $1.6 to $2.1 million from 2017 to 2020 ($0.4 – $0.5 million annually). TTC management advised that the savings have already been included into TTC's prior budgets and they helped to offset other operational costs.

5. Blanket Contracts - Expanding the use of agreements to achieve economies of scale

Recommendation 13
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.

During our 2017 audit, we noted that TTC procured goods or services each over $50,000 from 229 vendors through individual purchase orders, for a total of $174 million for the period from January 2015 to June 2016, rather than using both existing Blanket Contracts or price agreements. Assuming that TTC is able to establish Blanket Contracts for half of the $174 million purchases, we estimate that by establishing Blanket Contracts or expanding existing price agreements, TTC can potentially save one to five per cent of purchase costs, equivalent to $0.5 to $2.5 million in annual savings. TTC staff informed us that they are in the process of implementing this recommendation and are also gathering information to quantify the savings resulting from partially implementing this recommendation for the period from 2018 to 2020. TTC also advises that additional blankets and automation of reordering stocked vehicle parts results in improved efficiencies as additional staff time is freed up to focus on more strategic initiatives.

B. Bus Maintenance

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/mm is/2014/au/bgrd/backgroundfile-67395.pdf

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

1. TTC has fully implemented almost all recommendations from the 2014 Bus Maintenance Audit

The 2014 audit report contained 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 current follow-up review, management advised that seven remaining recommendations have been fully implemented. We have verified six of the seven recommendations to be fully implemented.

2. Substantial work done by TTC on standard repair times related to large-scale transformation, although some further work needed

Recommendation number 8 requests that TTC 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. Although we assessed the recommendation as not fully implemented, substantial progress related to large-scale transformation has been made by TTC.

Although TTC staff made progress towards establishing repair times for some common bus parts, work on this recommendation continues. Specifically,

- Bus Maintenance is working with IT to determine the variances that will not be included to determine the average standard repair time and it is planned to be completed by Q4 2021

- TTC is working on formalizing the process of incorporating standard repair times as performance evaluation criteria to assess Technicians' performance.

3. Benefits realized by TTC by accurately assessing failure rates of major internal bus rebuilds and reducing internal rebuild of parts

Recommendation number 10 requests TTC to accurately assess failure rates of major internal bus rebuild parts as well as assessing the costs of rework associated with rebuild failures. We have assessed this recommendation to be fully implemented.

The TTC was able to realize some benefits by implementing this recommendation and these efficiencies have been reflected in past budget requests. We will be reporting on the additional financial impact in a future report.

In summary, as a result of implementing the recommendations, TTC has significantly reduced its internal rebuild of parts from 1,000 in 2013 to 43 currently and started outsourcing the parts from external vendors as it is less expensive. TTC has also eliminated a cost centre and reduced staffing by approximately 50 positions through attrition and reallocation from the internal rebuild function to other job functions.

We were also informed that by procuring externally, it also helped to free up vehicle bays for emergency repairs and general repairs for vehicles. We will work together with management to quantify the extent of the benefits achieved in a future follow-up report.

4. TTC continues work in implementing the 2015 Bus Maintenance audit recommendations and further work is needed due to technical issues of system upgrades and interdependencies across the organization

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 five recommendations are fully implemented. We assessed two recommendations as fully implemented, one recommendation as not applicable, and one recommendation is still to be verified by AGO in the next follow-up cycle. The remaining six recommendations continued to be outstanding because of the technical issues related to system upgrades and interdependencies across the organization.

C. Telecommunication

Managing Telecommunication Contracts and Payments – Toronto Transit Commission, 2018

Over the years, the Auditor General has conducted a series of telecommunication audits (covering wireless contracts and unused telecommunication services) at the City and at TTC. The audit report entitled “Toronto Transit Commission: Managing Telecommunication Contracts and Payments” was tabled at the TTC’s May 29, 2018, Audit & Risk Management Committee. The audit report is available at:

https://www.toronto.ca/legdocs/mmis/2018/au/bgrd/backgroundfile-117559.pdf

The report contained 13 recommendations to:

- Improve controls in acquiring and use of telecommunication services
- Reduce costs by timely discontinuing services that are not needed, and
- Strengthen payment verification, reporting and monitoring of telecommunication services.

During the current follow-up review, management advised that ten recommendations have been fully implemented. We reviewed four of these recommendations and verified that they have been fully implemented. The follow-up work on the remaining six recommendations is in progress and the status of implementation will be reported at future TTC Audit and Risk Management Committee meetings.

Impact of implementing telecommunication audit recommendations

1. TTC avoided significant costs by leveraging the City's wireless provider agreement

Recommendation number 1 required TTC to work collaboratively with the City's Chief Technology Officer and evaluate the existing wireless service contracts to acquire services from vendors that provide best value. In addition, through a City report, we recommended that the City consider intergovernmental procurement to achieve economies of scale for the City and its agencies and corporations, including TTC.

At the time of our audit, TTC had contracts with two wireless service providers. These contracts varied in price plans and the services offered by vendors and did not result in TTC receiving the best value. Our audit identified that TTC could reduce cell phone service costs if the services were acquired under more competitive pricing plans.

TTC implemented the recommendation by moving its wireless phone services to the vendor that offered lower monthly rates and further reduced its smartphone plan rates by following the City in leveraging the Province of Ontario's wireless agreement. The lines were moved in stages beginning early 2019. As of July 2021, TTC has moved almost all of its 2,000 lines that were active at the time of the audit to vendors offering the lower prices. It plans to move the remaining lines by the end of this year. Starting in 2022, full implementation of this recommendation would translate to just over $532,000 of annual costs avoided by reducing cell phone charges on new and existing lines. Management advised that these savings have been netted against the additional lines that TTC needed to purchase for operational reasons.

2. TTC achieved benefits by completing the conversion of all its planned VOIP lines

Recommendation number 2 required TTC to expedite the Voice Over Internet Protocol (VOIP) implementation to reduce land line costs. The process to replace lines started in 2018 with full implementation in 2021. As of April 2021, TTC has completed all the planned 4,600 lines conversion of its 7,000 lines from traditional landlines to VOIP. The remaining 2,400 lines will stay with Centrex due to safety reasons and/or lack of network presence on site, such as subway lines, stations, and utilities. We are continuing to work with management to verify the extent of costs avoided through this implementation. Results of our review will be reported in our next Annual Report.

Important to note is that many industry articles identify significant cost avoidance by moving landlines to VOIP and we expect TTC to realize the same benefits. In addition, as The Harvard Business Review[2] reports, *"VoIP isn't just a new technology for making old-fashioned calls cheaper".* It is a new way of doing business, *"allowing … (companies) to set up and conduct business in ways that simply couldn't have been done before—or that were so impractical that no one would have bothered."* Where there are already data lines in place for the internet, VOIP leverages these to allow one's phone to be portable to any location. TTC advised that VOIP was beneficial to facilitate the move to remote work at the onset of the COVID-19 pandemic.

3. TTC recovered telecommunication overpayments and incorrect charges

Similarly, recommendation number 9 required TTC to evaluate, in light of overpayments and incorrect charges identified during the audit, whether a review of prior period

[2] Using VoIP to Compete (hbr.org)

payments and charges was needed. By implementing this recommendation, TTC achieved one-time savings of $47,379. Management advised that this was only possible for overpayments up to six months prior, as any overpayments claimed after six months are not honoured by the service providers according to the agreement.

4. Further cost avoidance and strengthening of controls is expected as TTC fully implements all audit recommendations

As TTC continues to implement audit recommendations, we expect additional costs to be avoided while strengthening controls. The Auditor General will continue to review the steps taken by TTC to implement the audit recommendations and will report the implementation status and realized savings or costs avoided at future TTC Audit and Risk Management Committee meetings.

D. Wheel-Trans

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

TTC has undertaken significant work and fully implemented all recommendations of the 2012 Wheel-Trans Audit - additional benefits expected once ridership increases with recovery from the COVID-19 pandemic

Of the total 22 audit recommendations, 20 recommendations were assessed as fully implemented in the previous follow-up reviews. During the current follow-up review, management advised that the two remaining recommendations have been fully implemented and we assessed the recommendations to be fully implemented.

Recommendation number 2 in the report requests the TTC to develop and implement a comprehensive plan for integrating Wheel-Trans customers into the accessible conventional transit system. 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.

We have assessed this recommendation to be fully implemented. However, due to the COVID-19 pandemic, there is reduced ridership, and the full benefits have not yet been realized by TTC. We will follow-up with TTC at a future date to quantity the value of the cost avoidance realized from implementing this recommendation.

E. Continuous Monitoring of Employee Overtime and Absenteeism

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. While compiling and reconciling the total overtime and staff absenteeism numbers for TTC, the Auditor General noted the following:

- The overtime and staff absenteeism numbers generated for the organization as a whole did not reconcile with individual department reports
- Some staff had both a high amount of overtime and high absenteeism
- The reports generated from the system required several revisions
- Monitoring of staff overtime and absenteeism required strengthening and that there were opportunities that existed to reduce these costs.

Our 2016 continuous controls monitoring report recommended that the TTC undertake a review of the reporting process and 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

Prioritization and implementation of new system by TTC has helped staff to more closely monitor overtime and absenteeism on a continuous basis

During the current follow-up review, management reported that the recommendation is fully implemented, and we have assessed the recommendation to be fully implemented. The Auditor General is working with management to assess the savings and benefits achieved as a result of improved reporting and monitoring processes developed by TTC.

TTC has now completed Wave 1 implementation of the new SAP system and is monitoring staff overtime and absenteeism on a continuous basis. TTC's CEO has made the reduction of overtime costs a key priority and TTC confirms that new systems and processes have been put in place to manage overtime more closely.

TTC has reduced its overtime spending by $2.1 million (3 per cent) from 2015 ($79.7 million) to 2019 ($77.6 million), with TTC estimated savings of $2.4 million inclusive of related pension and Employer Health Tax (EHT) contributions. TTC staff advised that this occurred during a time period when TTC service requirements increased by 10 per cent[3] and collective agreement inflation added a further 8 per cent. TTC staff

3 Includes substantial increase in requirements for subway closure shuttles, Metrolinx construction bus augmentation.

calculations show that improved monitoring and management avoided approximately $17 million in additional overtime costs had 2015 trends continued through to 2019. These savings and cost avoidance were achieved in part by improved monitoring in implementing our recommendation, and TTC management of overtime, through an improved focus on reducing vacancies, as well as hiring additional operators at a cost of $18.5 million, and implementing schedule adjustments where appropriate. The hiring of additional operators addressed not only the reduction of overtime but was also required for other reasons, such as operators for shuttle buses during capital subway closures and emergency paid leave, and also resulted in non-monetary benefits such as reduced safety risks by reducing instances where an excessive number of hours were worked.

Improvements in overtime management continued into 2020 as overtime spending was reduced to $58.4 million, down $19.4 million or $21.6 million inclusive of related pension and EHT contributions from 2019 levels. As part of this reduction is likely attributable to COVID-19 related changes in service requirements and actions taken as part of TTC's overtime reduction strategy, the portion of net overtime savings that can reasonably be attributed to improved monitoring is under review and will be reported out at a later date.

F. TTC's Revenue Operations (Fare Evasion and PRESTO Equipment)

Review of Toronto Transit Commission’s Revenue Operations: Phase One – Fare Evasion and Fare Inspection, 2019

Review of Toronto Transit Commission’s Revenue Operations: Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue, 2019

The audit of TTC's revenue operations was conducted in two phases. Phase one focused on fare evasion and fare inspection and phase two focused on PRESTO/TTC fare equipment and completeness and accuracy of PRESTO revenue. The reports are available at:

https://www.toronto.ca/legdocs/mmis/2019/au/bgrd/backgroundfile-130632.pdf
https://www.toronto.ca/legdocs/mmis/2019/au/bgrd/backgroundfile-139138.pdf

The phase one audit report contains 27 recommendations to decrease TTC's fare evasion rates, increase passenger revenue, and improve the effectiveness and efficiency of TTC's fare inspection program. During the current follow-up review, we assessed three recommendations to be fully implemented and one recommendation to be no longer relevant.

The phase two audit report contains 34 recommendations to help both TTC and Metrolinx address issues with the functionality of the PRESTO fare equipment and the incident management process, and improve the accuracy and completeness of the availability calculation of PRESTO card readers, as well as provide TTC with required information and data to monitor and address its risks related to completeness of PRESTO revenue. During the current follow-up review, we assessed two recommendations to be fully implemented.

Expected recovery of revenue loss from PRESTO in the future once negotiations conclude

We noted that TTC's estimated revenue loss of $3.4 million for 2018 due to faulty PRESTO equipment did not appear overstated, and that TTC had invoiced Metrolinx $7.5 million for the three years ended December 31, 2018 for estimated revenue loss from functionality issues with PRESTO fare equipment. When our report was issued, Metrolinx had not yet paid TTC for this lost revenue. Our report provided evidence of key issues and we recommended TTC work together with Metrolinx to come to an agreement on a methodology for the revenue loss claim acceptable to both parties, and to leverage its contractual governance framework of the Expert Panel if needed and to resolve issues and to move forward together.

TTC's 2021 Operating Budget Notes states that:

"Negotiations with Metrolinx regarding the settlement of outstanding claims was effectively concluded and provided to the Board in September 2020. Detailed negotiations with Metrolinx continue to finalize the details of the settlement agreement which are expected to be concluded by the end of the year."

We have been advised by TTC that negotiations have not yet concluded. Once the amount is received, we will verify the amount related to our audit recommendation and report the recovery in a future follow-up report.

Summary

In summary, we found that TTC has made significant progress during this follow-up review in implementing the 39 verified recommendations and progress on other high-priority recommendations. TTC's work has resulted in significant cost avoidance / savings / improved controls and/or other non-monetary benefits for the TTC.

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SIGNATURE

Beverly Romeo-Beehler
Auditor General

ATTACHMENTS

Attachment 1: TTC – Fully Implemented Audit Recommendations (verified by the Auditor General)

Attachment 2: TTC – No Longer Relevant Audit Recommendations (verified by the Auditor General)

Attachment 3: TTC – High Priority Not Fully Implemented Audit Recommendations

Attachment 4: TTC – Fully Implemented Audit Recommendations (not verified by the Auditor General)

Attachment 5: TTC – Investigation Recommendations (not verified by the Auditor General)

Attachment 1

TORONTO TRANSIT COMMISSION - FULLY IMPLEMENTED AUDIT RECOMMENDATIONS (Verified by the Auditor General)

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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
2	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: a. Identifying and addressing potential safety and service issues that can present barriers to Wheel-Trans customers in using the accessible conventional system; b. Education, communication and training programs for Wheel-Trans customers and transit passengers; and c. Customer service training to TTC staff with particular emphasis on assisting people with mobility difficulties.
5	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.

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
3	The Board request the Chief Executive Officer to ensure that bus kilometre records used for scheduling preventive maintenance inspections are accurate.
10	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.
11	The Board request the Chief Executive Officer, in his ongoing assessment of outsourcing opportunities, to conduct a complete analysis of internal bus rebuild costs at the Duncan Shop accounting for all key and relevant direct and indirect costs.
12	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: a. Implementing adequate controls to account for and track the return of defective parts by technicians; and b. Enhancing efficiency of the parts retrieval process currently carried out by warranty staff.
13	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: a. Identifying and addressing reasons prohibiting successful filing of warranty claims; b. Increasing warranty claim submission rate for bus defective parts and labour hours; and c. Systematically tracking and monitoring claim submission rate and warranty cost recovery for the entire bus fleet.
15	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: 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; b. Undertake collection of all valid outstanding claims; and 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.

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
16	The Board request the Chief Executive Officer to develop and implement non-revenue fleet quality assurance processes to systematically monitor and detect repair quality issues.
17	The Board request the Chief Executive Officer to ensure adequate controls are in place at TTC garages to deter and detect ordering of non-revenue vehicle and equipment parts for non-TTC uses. Periodic reviews should be considered by TTC internal audit staff.

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
4	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.
9	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.

Report Title: Continuous Controls Monitoring Program – Toronto Transit Commission, Employee Overtime and Absenteeism
Report Date: 09/21/2016

No.	Recommendation
1	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.

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
1	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.
3	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: a. Reducing delays in processing inventory requests; b. Minimizing repetitive purchases of the same parts in small quantities; c. Measuring and reporting materials requests turnaround time;

No.	Recommendation
	d. Ensuring alignment of Materials Management's performance indicators with TTC priorities; e. Strengthening IFS system controls to monitor parts requests deletions.
4	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.
9	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.
11	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.
16	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.
17	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.
18	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.

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

No.	Recommendation
1	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.
8	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.

Report Title: Toronto Transit Commission: Managing Telecommunication Contracts and Payments
Report Date: 05/18/2018

No.	Recommendation
1	The Board request the Chief Executive Officer, Toronto Transit Commission, to work collaboratively with the City Chief Information Officer to evaluate the existing wireless service contracts for best value based on current needs. Staff should be advised to use telecommunication services contracts that offer the best value subject to terms and conditions.
6	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure staff are fully aware of the telecommunication contract clauses, and that services and payments are

No.	Recommendation
	managed accordingly. The staff should be provided with copies of the current telecommunication contracts and be informed of ongoing changes.
8	The Board request the Chief Executive Officer, Toronto Transit Commission, to work with the vendors to obtain credits or refunds for overpayments identified during the audit.
9	The Board request the Chief Executive Officer, Toronto Transit Commission, to evaluate, in the light of overpayments and incorrect charges identified during the audit, whether a review of prior period payments and charges is needed. A temporary summer student could be hired to complete such a review, once a review period is determined.

Report Title: Review of Toronto Transit Commission (TTC) Employee Expenses and Reward and Recognition Programs: Opportunities to Improve Policies and Controls and Save Costs
Report Date: 06/26/2018

No.	Recommendation
8	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure adequate segregation of duties in the process of ordering default gifts to be shipped to employees.
15	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure proper records management is in place and is not dependent upon whether the employee is still working at TTC or not.

Report Title: Toronto Transit Commission – More Effective Management of Core Components (Management Letter)
Report Date: 09/17/2018

No.	Recommendation
1	The Chief Executive Officer undertake necessary steps to ensure effective and efficient identification of valuable core components. Such steps should include but not be limited to: a. Review and update existing core management procedures to ensure the functions of identifying valuable core components are clearly defined and assigned to the appropriate department(s) and staff members. b. Develop specific criteria for a cost-benefit analysis to identify valuable core components as part of Standard Operating Procedures (SOP). c. Provide adequate training and guidelines to staff involved in the core identification, tracking and retrieval process.
2	The Chief Executive Officer ensure the call documents (RFP and RFQ) for vehicles or parts require the awarded suppliers to identify parts with potential core value to assist TTC staff in identifying valuable core components.
3	The Chief Executive Officer undertake the necessary steps to ensure that linkage between the core components and their related new and/or rebuild parts are adequately set up in the IFS. Such steps should include, but not be limited to, developing clear and adequate procedural requirements, and implementing effective management oversight to ensure compliance with the procedural requirements.
4	The Chief Executive officer develop and make use of exception reports to flag potential issues in core management. Exception reports should be developed to identify: a. Discrepancy between the number of core components issued through the Inventory Management System and the number of core components with core tags issued through the Vehicle Work Order System; b. Core charges paid to vendors; c. Inactive core components.

No.	Recommendation
5	The Chief Executive Officer develop and implement a process to ensure cores retrieved from Operations are shipped, received, stocked, and entered into the IFS in a timely manner. Any discrepancy noted should be reviewed and investigated by the responsible departments (i.e. Operations, M&P) in a timely manner. A regular reconciliation process should be conducted to identify quantity missing with adequate follow up actions.

Report Title: Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection
Report Date: 02/21/2019

No.	Recommendation
2	The Board request the Chief Executive Officer, Toronto Transit Commission, to raise customer awareness and understanding of the importance of paying the appropriate fare, as well as the PRESTO card payment process, Proof-of-Payment system, and consequences if found evading fare.
14	The Board request the Chief Executive Officer, Toronto Transit Commission, to NOT distribute the Toronto Transit Commission's promotional Child PRESTO cards until appropriate controls are in place.
18	The Board request the Chief Executive Officer, Toronto Transit Commission, to find ways with Metrolinx to either seize or obtain confirmation of deactivation for Child PRESTO cards found to be fraudulently used.

Report Title: Review of Toronto Transit Commission's Revenue Operations: Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue
Report Date: 10/21/2019

No.	Recommendation
14	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure the TTC Bus Maintenance department provides an accurate listing of "bus out-of-service greater than seven days" to PRESTO.
33	The Board request the Chief Executive Officer, Toronto Transit Commission, to regularly follow-up with PRESTO on the results of their internal investigation regarding monthly discrepancies between the subsystem and central system, and perform validation to confirm the receivables of the missing transactions in the central system.

Attachment 2

TORONTO TRANSIT COMMISSION - NO LONGER RELEVANT AUDIT RECOMMENDATIONS (Verified by the Auditor General)

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 as of August 4, 2021
2	The Board request the Chief Executive Officer to consider implementing a chargeback process or other measures for non-revenue vehicle and equipment costs to help optimize use of vehicle and equipment resources by user departments and enhance accountability.	An annual condition assessment inspection is performed on all non-revenue vehicles and an assessment sheet is completed by the Bus Maintenance Department. This includes collecting the mileage of the vehicle. This information is provided to the Vehicle Programs Department, which reviews this data in relation to the age of the vehicle. Replacement vehicles are determined based on a review of all three criteria: age of the vehicle, mileage accumulated, and condition. Non-revenue vehicles in good condition and with low mileage are flagged and user groups are questioned on the need of the vehicle, replacements and new additional vehicles. User groups are held accountable for their use, but establishment of a financial charge back system is assessed to be not feasible.

Report Title: **Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection**
Report Date: **02/21/2019**

No.	Recommendation	Management Comments as of August 4, 2021
12	The Board request the Chief Executive Officer, Toronto Transit Commission, to instruct and train crash gate staff on Toronto Transit Commission (TTC) policy, to request the fare collector to close the TTC fare gate when unattended by TTC staff, and to ensure fare collectors are trained in this task.	Crash gate crews were eliminated in September 2019. As of August 2019, all collector aisle fare gates were changed from being set in the 'open' position to the 'free entry' setting. This change ensured the gate paddles were CLOSED when there were no customers entering that designated aisle.

Attachment 3

TORONTO TRANSIT COMMISSION - HIGH PRIORITY NOT FULLY IMPLEMENTED AUDIT RECOMMENDATIONS

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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 as of August 4, 2021
8	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.	Establish standard repair times for common bus repair activities: • Bus Maintenance will continue to add parts to expand its Standard Repair Time (SRT) model. IT will be making changes to the Industrial Financial System (IFS) to identify potential errors in the labour times entered by technicians. Times falling outside of established min and max limits will be flagged for potential errors and not included in the average repair time calculation. Finally, a method of tracking and evaluating employee performance will be established to manage performance to SRT's. • Standard repair times for common bus parts have been in place in Bus Maintenance since Q2 2020. • TTC dashboards show minimum and maximum repair times for repair activities. Average reasonable repair times are then applied to the activities to gauge productivity of Technicians. Established average reasonable repair times become the standard repair times for TTC technicians. • Bus reline standard repair times have improved by two hours since 2014 resulting in savings. Target Implementation Date: 12/31/2021

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 as of August 4, 2021
4	The Board request the Chief Executive Officer to conduct detailed reviews of utilization levels of non-revenue vehicles and equipment to identify and minimize underutilized vehicles and equipment.	A new process is being implemented to assess the age, condition and mileage of the Non-Revenue Vehicles. An annual condition assessment inspection is performed on all the vehicles and an assessment sheet is completed by the Bus Maintenance Department. This includes collecting the mileage of the vehicle. This information is provided to the Vehicle Programs Department, who review this data in relation to the age of the vehicle. Replacement vehicles are determined based on a review of all three criteria, age of the vehicle, mileage accumulated and condition ("report card" to be produced annually to demonstrate TTC's detailed review of NRV utilization levels). Vehicles in good condition and with low mileage are flagged

No.	Recommendation	Management Comments as of August 4, 2021
		and user groups are questioned on the need of the vehicle, replacements and new additional vehicles. Opportunities to re-allocate under-utilized vehicles to other work groups will be included as part of the review process and discussion with stakeholders. Target Implementation Date: 12/31/2021
7	The Board request the Chief Executive Officer to ensure that vehicle life cycle costs are actively monitored and analyzed as part of the non-revenue fleet management functions. A re-assessment of the current non-revenue vehicle replacement criteria should be undertaken to ensure the criteria are effective in preventing excessive maintenance and repair costs.	Vehicle life cycle costs are actively monitored and analyzed as part of non-revenue fleet management based on age, mileage, and condition. Vehicles are no longer replaced at the end of their lifecycle if they are still in good condition with low mileage. Vehicles are replaced if they are at high mileage and in poor condition at the end of their life or prior to end of life. Vehicle replacement is subject to approved funding availability. Reports to support this are in development for Q4 2021.
13	The Board request the Chief Executive Officer to take steps to improve non-revenue vehicle user compliance with scheduled maintenance, including steps to address user concerns.	• A non-revenue vehicle downtime KPI tool is in place to measure the amount of time a non-revenue vehicle is now available to users. • Non-revenue vehicle maintenance is presently scheduled by date, not mileage. A planned GPS installation by Q4 2021 is envisioned to automate mileage updates and allow maintenance staff to determine the location of each asset. Target Implementation Date: 12/31/2022
14	The Board request the Chief Executive Officer to ensure accurate and up-to-date non-revenue vehicle kilometres data are obtained to facilitate effective preventive maintenance scheduling.	Once installed, the non-revenue vehicle GPS hardware (planned for Q4 2021) will interface with the TTC maintenance system and will capture vehicle use and kilometers. This will facilitate more efficient preventative maintenance scheduling. Mileage is also included as part of the annual condition assessment. Target Implementation Date: 12/31/2022
15	The Board request the Chief Executive Officer to improve the effectiveness of the Vehicle Work Order system for non-revenue fleet management. Steps to be taken should include but not be limited to: a. Addressing existing preventive maintenance scheduling issues in the system; b. Ensuring adequate system access is provided to garage management staff;	a. In progress • Once installed, the non-revenue vehicle GPS system will be used to more effectively schedule maintenance aligned to vehicle mileage. b. Fully Implemented • All Bus Maintenance garage staff have Vehicle Work Order (VWO) system access as of Q3 2018.

No.	Recommendation	Management Comments as of August 4, 2021
	c. Re-assessing the practicality of existing data entry controls; d. Ensuring accuracy of system generated management reports; and e. Expanding the existing system reports to include reports on fleet management key performance indicators.	c. Fully Implemented • An upgrade to the Vehicle Work Order system (VWO) was implemented in Q3 2018 allowing Bus Maintenance Technicians to input various vehicle repair comments directly into the VWO system. d. In progress • Once implemented on non-revenue vehicles (planned for Q4 2021), GPS will also aid in optimizing scheduled maintenance, reducing missed or unnecessary maintenance. e. Fully Implemented • Complete KPI tracking has been implemented since Q2 2019. Target Implementation Date: 12/31/2022
20	The Board request the Chief Executive Officer to establish a formal warranty management process for non-revenue vehicles and fleet equipment such that warranty claims are maximized.	In addition to the development and implementation of standard operating procedure (SOP) for warranty management, Bus Maintenance will continue to work with IT in developing an infrastructure to support the capability to include non-stocked parts as part of vehicle work orders. In addition, Bus Maintenance will continue with the integration of warranty management as it exists with current revenue fleet (Bus) to transfer functionality to the Non-Revenue Fleet. This will allow for full integration and tracking of warranty management through the work order management system allowing for more accurate warranty tracking. Target Implementation Date: 09/30/2022

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 as of August 4, 2021
2	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.	Outstanding recommendation 6 from the AG's 2018 Management letter, on the subject of Core Management, will be closed in conjunction with this open recommendation (2017 #2) (based on the development of the metrics referenced below); (For reference, recommendation 6 relates "to review, update and report the KPIs reflecting the full process from issuance of the parts to Operations, retrieval of the related cores from Operations and their recovery at Central warehouse and update the IFS records.")

No.	Recommendation	Management Comments as of August 4, 2021
		Additional metrics will be developed to measure cost avoidance for buying additional cores when purchasing remanufactured parts. This metric will be included in set of KPI's reported to Management on a monthly basis. Target Implementation Date: 03/15/2022 Note: Framework and processes have been developed to support the Core Management process and will be rolled out to other locations as the work order system (MAXIMO) is deployed.
5	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.	The following actions have been completed: • Communication and awareness session was held on July 17, 2020 with PCM (Procurement and Category Management) team to confirm staff must include justification for awarding the business (for purchases less than $10,000) in the IFS notes in order to build documentation for review. • Process Checklists established (since Jan 2021) for staff to provide guidance on processing requisitions and amendments. • Monthly audits being conducted on purchase orders and amendments (that do not require Manager signatures) since Jan 2021. The following actions are underway: • Draft Buyer Discretion procedure currently under review which includes developing criteria for buyer discretion purchases. • Consideration is being given to change the threshold levels for Buyer discretion and associated amendments. Action Plan to achieve the fully implemented status: • Update and finalize procedure with stakeholder input. • Updated procedure to be rolled out, posted on intranet and training to be provided to staff. Target Implementation Date: 12/31/2021
6	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	The following actions have been completed: • Process Checklist established (since Jan 2021) for staff to provide guidance on processing requisitions and amendments. • Monthly reports have been developed that identify Buyer discretionary purchases and

No.	Recommendation	Management Comments as of August 4, 2021
	to staff involved in the procurement process.	associated amendments. These reports have been utilized by Management since January 2021 to select random files to monitor compliance to established Buyer discretion protocols. Action plan to achieve the fully implemented status: This will be considered fully implemented once the Buyer Discretion Procedure is completed and Recommendation 5 is fully implemented. Target Implementation Date: 12/31/2021
7	The Board request the Chief Executive Officer, Toronto Transit Commission, to identify strategies to improve response rate for competitive procurement and such strategies to include but not be limited to: a. providing free viewing of tender documents or detailed notices of tenders; b. extending bid response time for complex specifications; 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.	The following actions have been completed: • Free detailed notices of tenders are provided via MERX.com. • TTC has reviewed and extended the bid response cycle times to ensure compliance with CETA and to address complex specifications. • An alternate sourcing procedure has been implemented (Refer to Recommendation 11) and the program is on-going. • The IFS requisition report has been updated to display the history of the last 5 procurements (reason for award and winning bidder), this completes phase 1 of identifying a low bid response rate. The following actions are underway: • Staff are continuing to develop further reporting (Phase 2) – which will identify the number of bidders on previous procurements (i.e. low bid response rate). • Additional strategies – a new category management framework is being implemented which includes strategic sourcing templates that can assist in identifying potential sources of supply in the marketplace. TTC also participates in some vendor outreach initiatives with the City and its divisions. Action Plan to achieve the fully implemented status: • Complete the development of phase 2 reporting with support from Information and Technology Services (ITS). • Develop a procedure to provide guidance to PCM staff on the use of this reporting feature that will signify the need for additional strategies to improve response rates, including inviting 5 or more potential bidders.

No.	Recommendation	Management Comments as of August 4, 2021
		• Updated procedure to be rolled out, posted on the intranet and training to be provided to staff. Target Implementation Date: 03/31/2022
8	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.	The following actions have been completed: • The preliminary draft "Bid Evaluations" procedure has been completed. The following actions are underway: • Revisions to the draft procedure are underway based on strategic sourcing templates from the new category management framework. Action Plan to achieve the fully implemented status: • Update the draft procedure, review with stakeholders and finalize. Release the procedure after further management review and approval and post the procedure on the intranet. Training to be conducted with staff with the release of the procedure. Target Implementation Date: 12/31/2021
10	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.	The following actions have been completed: • The preliminary draft "Advance Contract Award Notice (ACAN)" procedure has been completed. The following actions are underway: • Review the draft procedure with stakeholders and develop template forms to accompany the procedure. Action Plan to achieve the fully implemented status: • Update the draft procedure and templates based on stakeholder feedback and finalize. Release the procedure after further management review and approval and post the procedure on the intranet. Training to be conducted with staff with the release of the procedure. Target Implementation Date: 12/31/2021
12	The Board request the Chief Executive Officer, Toronto Transit Commission, to establish a comprehensive Blanket Contract policy and procedural	***Inventory Blankets:*** The following actions have been completed:

No.	Recommendation	Management Comments as of August 4, 2021
	requirements detailing minimum dollar threshold and ongoing review and renewal processes.	• A Kaizen (a virtual workshop held between various stakeholders) was held in March 2021 to capture the "As Is" processes and identify opportunities for improvement with Inventory Blanket contracts. The Kaizen covered all key points including the proactive renewal of blanket contracts, dashboards to report on blanket expenditures, and potential minimum blanket dollar thresholds. • Kaizen results were communicated to the stakeholders for further action to develop the detailed procedures and for implementation. The following actions are underway: • A Kaizen Action register was created and all actions are being worked on. • A Draft Inventory Blanket contract procedure is to be updated based Kaizen results. Action Plan to achieve the fully implemented status: • Inventory Blanket Procedure to be revised and finalized based on Kaizen results. • Seek approval for revised policy, including thresholds. Communicate and rollout training corporately and post on the intranet. ***Non-Inventory Blankets:*** The following actions have been completed: • A Kaizen was held in June 2021 with PCM and stakeholders on Non-Inventory Blankets. The Kaizen covered all key points including the proactive renewal of blanket contracts, dashboards to report on blanket expenditures, and potential minimum blanket dollar thresholds. • Kaizen results were communicated to the stakeholders for further action to develop the detailed procedures and for implementation. The following actions are in progress: • A Kaizen Action register has been created and all actions are being worked on. • Non-Inventory Blanket contract procedure is being drafted

No.	Recommendation	Management Comments as of August 4, 2021
		Action Plan to achieve the fully implemented status: • Non-Inventory Blanket Procedure to be revised and finalized based on Kaizen results. • Seek approval for revised policy, including thresholds. Communicate and rollout training corporately and post on the intranet. Target Implementation Date: 03/31/2022
13	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.	***Inventory Blankets:*** The following actions have been completed: • A Kaizen (a virtual workshop held between various stakeholders) was held in March 2021 to capture the "As Is" processes and identify opportunities for improvement with Inventory Blanket contracts. The Kaizen covered all key points including increasing and expanding the use of Blanket contracts, the use of dashboards to identify opportunities to add parts that are currently not on blankets. • The main objective assessed through the Kaizen work is focused on opportunities to increase the Blanket utilization to 80% and reduce manual requisitions. • Kaizen results were communicated to the stakeholders for further action to develop the detailed procedures and for implementation. • Two dynamic dashboards in place to identify opportunities for Blankets (inventory). Regular meetings being held between MM and PCM to review Blanket contracts and identify opportunities to expand use of Blankets. • A tracking system has been implemented to capture and record forecasted annual savings based concurrent blanket order activity has been live since May 2021. The following actions are underway: • A Kaizen Action register has been created and all activities are being worked on. • Training of PCM and MM teams on the use of Blanket dashboards and identify opportunities for the increased use of Blanket Contracts. Action Plan to achieve the fully implemented status: • Draft Inventory Blanket contract procedure is to be updated based on Kaizen results.

No.	Recommendation	Management Comments as of August 4, 2021
		• The procedure is to incorporate the regular review and use of Blanket dashboards to identify Blanket contract opportunities. • Provide training to staff on the completed procedure and post it on intranet. ***Non-Inventory Blankets:*** The following actions have been completed: • Kaizen held in Jun 2021 with stakeholders on Non-Inventory Blankets. The Kaizen covered all key points including increasing and expanding the use of Blanket contracts, the use of reports (i.e. PCard spend) to identify opportunities to add parts that are currently not on blankets. • Kaizen results were communicated to the stakeholders for further action to develop the detailed procedures and for implementation. • A tracking system has been implemented to capture and record forecasted annual savings based concurrent blanket order activity has been live since May 2021. The following actions are underway: • A Kaizen Action register has been created and actions are being worked on. The action register includes regular review of Category spend to identify blanket contract opportunities. Action Plan to achieve the fully implemented status: • Non-Inventory Blanket Procedure to be drafted and finalized based on Kaizen results. The procedure will include the establishment of regular meetings between PCM and Clients to identify Blanket contract opportunities • Provide training to staff on the completed procedure and post it on the intranet. Target Implementation Date: 03/31/2022
19	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: - identifying alternate sourcing, - pursuing aftermarket parts warranty, - initiating further Blanket Contracts or expanding the	The following actions have been completed: • Dashboards have been developed to enhance existing internal tracking of procurement statistics and KPIs. • Implementation of recommendations in this report (e.g. #11, alternate sourcing) have further enabled tracking of savings. • Savings to date have been reported in the annual budget process.

No.	Recommendation	Management Comments as of August 4, 2021
	product catalogue of existing Blanket Contracts, - retrieving and tracking cores	The following actions are underway: • Benchmarking of other public bodies, including transit agencies, for external procurement statistical reporting content. • Internal Reporting enhancements are continuing. Action Plan to achieve the fully implemented status: • Currently annual reporting is planned for the previous fiscal year. • Implement the recommendations noted in this report to identify savings in the various categories and report annually on these savings metrics. Target Implementation Date: 06/30/2022

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 as of August 4, 2021
5	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.	The following actions have been implemented to date in response to the recommendation: Steps have been added to the current payment process to identify additional opportunities to further reduce the number of late payments: • A “Discounts Expiring report” is distributed to Accounts Payable and Materials Management staff daily to identify available discounts to action. • A “Discounts Taken and Lost” report has been enhanced and is distributed weekly to AP staff to report back on findings and follow up on discounts lost, with the majority in Material Management which has been historically impacted by high vacancy rates. Recruitment activities in Material Management is filling vacancies. • A new process has been implemented to comply with the Construction Lien Act to ensure prompt payment, with regular are updates are made to the tracking log for late payments by accounting period. To date, TTC has not paid any late payment fees (interest) under the new Act. The following actions are planned and/or underway:

No.	Recommendation	Management Comments as of August 4, 2021
		• Accounts Payable and Materials Management staff will be undertaking a review of the receipt and quality assurance process of materials to identify improvements in order to realize more early discounts for materials received. Accounts Payable will also be undertaking further analysis of its current process to determine the current targets being achieved outside of the receipt and quality assurance of materials. • As part of ongoing continuous improvement, TTC will be able to optimize its discount targets with the implementation of 3-way match as part of the SAP program implementation. Target Deadline for completion: Q1 2022

Report Title: Toronto Transit Commission: Managing Telecommunication Contracts and Payments
Report Date: 05/18/2018

No.	Recommendation	Management Comments as of August 23, 2021
3	The Board request the Chief Executive Officer, Toronto Transit Commission, to develop and implement procedures to: a. Maintain an up to date inventory of all telecommunication services (wireless plans, land lines, cellular modem subscriptions and communication circuits). b. Identify and disconnect unused telecommunication services (wireless plans, land lines, cellular modem subscriptions and communication circuits) on a timely basis. Information reports, such as phones with no activity and staff with multiple phone lines should be developed for ongoing periodic review.	The following actions are underway to fully implement the recommendations of this audit: ITS is currently reengineering the IT asset management process, targeted to be completed by Q4 2021. The expected outcome of this process reengineering will include: a. An up-to-date inventory of all telecommunication services, including wireless plans, landlines, communication circuits, and bus Sims (replacing cellular modems on the buses which were decommissioned by 2019). b. The unused / misuse of telecom services including landlines and wireless plans will be identified and investigated on a regular basis. Given the need to dedicate IT resources necessary to support remote work and other technology issues and demands during the pandemic, this work was delayed but a team, since May 2021 has been established to focus on the activities noted above to fully implement the actions necessary to address this recommendation. Target Completion date: 12/30/2021.

Report Title: **Review of Toronto Transit Commission (TTC) Employee Expenses and Reward and Recognition Programs: Opportunities to Improve Policies and Controls and Save Costs**
Report Date: **06/26/2018**

No.	Recommendation	Management Comments as of August 4, 2021
2	The Board request the Chief Executive Officer, Toronto Transit Commission, to evaluate the costs vs. benefits of its employee reward and recognition programs and consider potential non-monetary recognition strategies as well as whether costs can be reduced.	The TTC believes that recommendation 2 is specific to cost savings/cost effectiveness opportunities as it relates to recommendation 1. It is our intention that this financial analysis will form part of our broader comprehensive recommendations report as per the TTC's response to recommendation 1. Target Implementation Date: 12/31/2022
12	The Board request the Chief Executive Officer, Toronto Transit Commission, to review the criteria and current process for issuing free annual passes to non-TTC staff to ensure valid justification and adequate controls, and to minimize lost revenue opportunities.	Annual free passes are provided to Councillors and Commissioners on request as a taxable benefit to current and some former ACAT members, contractors and co-op students for the length of their term at the request of their manager and all CNIB members. The issuance of free passes will be reviewed as part of the Transformational Review. Daily free passes have been considered as an alternative but rejected given the administrative burden of significant tracking/issuing and the loss of a critical security feature – photo ID. With the adoption of PRESTO, passes can now be programmed to deactivate at the end of a contractor/student's term eliminating the risk of use beyond the term of the contract. TTC has also implemented an electronic approval process which requires manager level authorization, and this eliminates the risk of missing or incorrect approvals for passes. Anticipated or Actual Cost Savings to be determined pending results of Transformational Review Timeline to complete this item currently December 31, 2021.

Report Title: **Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection**
Report Date: **02/21/2019**

No.	Recommendation	Management Comments as of August 4, 2021
1	The Board request the Chief Executive Officer, Toronto Transit Commission, to set acceptable targets for its fare evasion rates (by mode and overall) and to develop short and long-term strategies to reduce the fare	2020 Revenue recovery objective set overall and by mode was included as part of the 2020 budget submission. Refer to the 2019 revenue protection achievements and 2020 revenue recovery strategy in the body of the TTC February 2020 - TTC's

No.	Recommendation	Management Comments as of August 4, 2021
	evasion rates and the resulting revenue loss, while ensuring good customer service.	Revenue Protection Strategy February 2020 Board report - TTC's Revenue Protection Strategy and Phase 1 recs. 5, 6, and 8. Highlights include focused deployment on the mode with the highest rate of fare evasion (streetcars). The $10.2 million revenue recovery target set for 2020 can be referenced in the 2020 TTC and Wheel-Trans Operating Budget Board report. Due to COVID-19, the TTC experienced significant reductions in ridership in 2019 and 2020. Ridership projections are expected to gradually increase as widespread vaccination begins to occur and restrictions are lifted. More substantial ridership recoveries are not anticipated until 2023 when a new post-pandemic normal will start to emerge, and restrictions regarding attendance at workplaces, schools, and events are removed. Ridership is also dependent on how employers have changed their work from home expectations and how customers have recalibrated their travel patterns. Revenue recovery targets will be revisited in the 2024 budget cycle. We will continue to study and implement other mechanisms to protect fare revenue. Target Implementation Date: 06/30/2023
5	The Board request the Chief Executive Officer, Toronto Transit Commission, to explore system wide options that can help prevent and reduce fare evasion on streetcars with multiple doors and Proof-of-Payment policy.	Fare Inspection and Collection Framework and associated processes were placed on hold due to COVID-19. This policy and procedure manual will be updated by end of Q1 2022. Refer also to Phase 1 recommendations 6 and 8. Draft use of discretion and data collection policies are currently under internal review. These policies will also undergo a review by the Ombudsman Toronto's Office, the Ontario Human Rights Commission, and key stakeholders such as the City of Toronto's Confronting Anti-Black Racism (CABR) Unit and the Indigenous Affairs Office. Discussion regarding the guiding principles of this policy will also be included in the upcoming city councillor and public consultation sessions in 2021. In order to operationalize these policies, related procedures and training will be developed for Q1 2022, pending the results of the Phase 2 Racial Equity Impact Assessment in late-2021. Proof of Payment policy to be explored through the 5-year Fare Policy and 10-Year Fare Collection initiative. Consultants have been retained and policy recommendations are expected in Q1 2022.

No.	Recommendation	Management Comments as of August 4, 2021
6	The Board request the Chief Executive Officer, Toronto Transit Commission, to expand its fare inspection program to include buses and develop effective fare inspection methods for buses.	Fare Inspection and Collection Framework and associated processes were placed on hold due to COVID. This policy and procedure manual will be updated by end of Q1 2022. Refer also to Phase 1 recommendations 5 and 8. Draft use of discretion and data collection policies are currently under internal review. These policies will also undergo a review by the Ombudsman Toronto's Office, the Ontario Human Rights Commission, and key stakeholders such as the City of Toronto's Confronting Anti-Black Racism (CABR) Unit and the Indigenous Affairs Office. Discussion regarding the guiding principles of this policy will also be included in the upcoming city councillor and public consultation sessions in 2021. In order to operationalize these policies, related procedures and training will be developed for Q1 2022, pending the results of the Phase 2 Racial Equity Impact Assessment in late-2021.
8	The Board request the Chief Executive Officer, Toronto Transit Commission, to expand its fare inspection program to include coverage of subway station entrances.	As part of their regular patrol in stations, Supervisors and Special Constables will conduct concession card checks near fare lines when they are not engaged in addressing safety or security incidents. The TTC will continue to evaluate opportunities to improve revenue collection in this area. • With the implementation of the fare inspection mobile application, Fare Inspector performance measures are easier to monitor. This application will be expanded to Special Constables in early 2022. • Fare Inspectors will resume fare inspection in key stations after operationalizing the use of discretion and data collection policies. Fare Inspection and Collection Framework and associated processes were placed on hold due to COVID-19. This policy and procedure manual will be updated by end of Q1 2022. Refer also to Phase 1 recommendations 5 and 6. Draft use of discretion and data collection policies are currently under internal review. These policies will also undergo a review by the Ombudsman Toronto's Office, the Ontario Human Rights Commission, and key stakeholders such as the City of Toronto's Confronting Anti-Black Racism (CABR) Unit and the Indigenous Affairs Office. Discussion regarding the guiding principles of this policy will also be included in the upcoming city councillor and public consultation sessions in 2021. In order to operationalize these policies, related procedures

No.	Recommendation	Management Comments as of August 4, 2021
		and training will be developed for Q1 2022, pending the results of the Phase 2 Racial Equity Impact Assessment in late 2021.
9	The Board request the Chief Executive Officer, Toronto Transit Commission, to take the necessary actions to reduce the number of illegal entries, particularly at automatic subway entrances, including: a. Perform a cost-benefit analysis of continuing to keep the automatic entrances open, whether to install high gates in high-risk entrances at subway stations, and whether to station Toronto Transit Commission staff at some of these entrances; b. Complete work on the fare gate sensors and fare gate event data reporting, so that information can be used to determine the rate of illegal entries at subway stations and to strategically allocate fare inspection resources; and c. Ensure security camera video is monitored on a regular basis.	a. A preliminary cost benefit analysis was performed in 2019. The analysis indicated that providing TTC employees to manage the highest fare evasion entrances in the system is more cost effective than installing high-gates to meet the new accessibility and Ontario Building Code specifications. b. Actions taken to address this recommendation include – updates to fare gate settings, stations with high risk for illegal entry stations were identified, collector breaks reviewed, re-distribution of distribute supervisory resources to high risk entrances, fare line barriers installed at 37 stations to eliminate the current gap between the collector booth and the first fare gate. c. The TTC is in the process of installing customer facing CCTV monitors at all fare lines to deter illegal entries by Q4 2022. All customers are able to see their live video feed on the CCTV monitors while crossing the fare lines in the hopes of discouraging illegal entry behavior. The TTC identified 31 high risk fare evasion entrances which now all have CCTV monitors. To further support the illegal entries, the booth collectors have been transitioned to crash gate crews at primary fare lines. This not only will deter illegal entries at primary fare lines but will also deter this behavior at all fare lines by way of monitoring them upon the completion of CCTV installs. Target Implementation Date: 12/31/2022
10	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure the contracted service requirements are upheld regarding functionality of Metrolinx Single Ride Vending Machines and PRESTO Card Readers, and recover from Metrolinx lost passenger revenue.	Service Level Agreements will be finalized as part of the Settlement Negotiations between the TTC and Metrolinx in 2021. Target Implementation Date: 06/30/2022
13	The Board request the Chief Executive Officer, Toronto Transit Commission, to reassess whether there is a critical need to issue Child PRESTO cards, balancing provision of good customer service with the risk of fraudulent use of the Child Cards.	TTC.CA and promotional materials were updated in February 2019 to remove references to complimentary child and youth cards. TTC will review all concession controls, including child cards as part of the Fare Policy & 10 Year Collection Outlook. In the interim, TTC staff are investigating a temporary solution to mitigate Child Card fraud. An update to the Board is planned in Q3 2021. Target Implementation Date: 03/31/2022

No.	Recommendation	Management Comments as of August 4, 2021
15	The Board request the Chief Executive Officer, Toronto Transit Commission, to explore ways to provide a Child PRESTO Card that is visually different from an Adult PRESTO card, including further negotiation with Metrolinx to issue visually different PRESTO cards for adults and children aged 12 and under.	Metrolinx has committed to deliver this item as part of the Settlement Negotiations. The details of the settlement will be finalized in a Delivery Plan and formal Definitive Agreements between TTC and Metrolinx. TTC will review all concession controls, including child cards as part of the Fare Policy & 10 Year Collection Outlook. In the interim, TTC staff are investigating a temporary solution to mitigate child card fraud. An update to the Board is planned in Q3 2021. Target Implementation Date: 03/31/2022
16	The Board request the Chief Executive Officer, Toronto Transit Commission, to make the necessary changes to the Child PRESTO cards so that bus and streetcar operators can spot inappropriate use of PRESTO concession cards including: a. Negotiate with Metrolinx to provide a different light and sound on PRESTO card readers for Child PRESTO cards from other concession types; and b. Perform cost benefit analysis and consider making change to Toronto Transit Commission revenue vehicles to include display of the PRESTO concession type for bus and streetcar operators.	a. A solution and design has been agreed with Metrolinx and S&B to update the HMI component on PRESTO card reader and fare gate reader to have a different light and sound for Child PRESTO card. Development is underway and the implementation is target for October, 2021. b. TTC will review all concession controls, including child cards as part of the Fare Policy & 10 Year Collection Outlook. In the interim, TTC staff are investigating a temporary solution to mitigate Child Card fraud. An update to the Board is planned in early 2022. Target Implementation Date: 03/31/2022
17	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure adequate controls are in place and consistently applied in the issuance of Child PRESTO cards by Distributors.	TTC will review all concession controls, including child cards as part of the Fare Policy & 10 Year Collection Outlook. In the interim, TTC staff are investigating a temporary solution to mitigate Child Card fraud. An update to the Board is planned in early 2022. Target Implementation Date: 03/31/2022

Report Title: Review of Toronto Transit Commission's Revenue Operations: Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue
Report Date: 10/21/2019

No.	Recommendation	Management Comments as of August 4, 2021
1	The Board request the Chief Executive Officer, Toronto Transit Commission, to work together with Metrolinx and its vendors to: a. identify the root cause for frozen and intermittent PRESTO card readers;	2020 Revenue recovery objective set overall and by mode was included as part of the 2020 budget submission. Refer to the revenue protection achievements and 2020 revenue recovery strategy in the body of the February 2020 - TTC's Revenue Protection Strategy report and to Phase 1 recs. 5, 6 and 8. Highlights include focused deployment on the mode with the highest rate of fare evasion (streetcars).

No.	Recommendation	Management Comments as of August 4, 2021
	b. develop a method to detect above issues in the device monitoring software tool; and c. ensure frozen and intermittent readers are included in the PRESTO card reader availability calculation.	a) Metrolinx indicated this item will be addressed when the existing equipment is replaced as part of the Device Refresh initiative. The Device Refresh initiative is part of the Settlement Negotiations which are underway. Ongoing bi-weekly discussions continue in order to monitor card reader performance b) & c) The current PRESTO system design does not provide this functionality and would require a software development investment, should this item continue to be pursued. Metrolinx indicated this item will be addressed when the existing equipment is replaced as part of the Device Refresh initiative. The Device Refresh initiative is part of the Settlement Negotiations which are underway. Target Implementation Date: 12/31/2021
6	The Board request the Chief Executive Officer, Toronto Transit Commission, to: a. ensure the availability calculation of PRESTO vending machines includes all out-of-service incidents, including the status when the coin box is full and the machine is not available for the customer to pay by coins; and b. provide TTC with the detailed back-up data/information that supports the weekly availability rate.	Metrolinx advised TTC of a new contract being established with a new vendor. Requirements related to the TTC's availability calculations will include out-of-service incidents as part of the new contract. Target Implementation Date: 06/30/2022
7	The Board request the Chief Executive Officer, Toronto Transit Commission, to work together with Metrolinx to restore the contracted deliverable of the credit and debit card fare payment method on the new streetcars, with estimated timing provided by Metrolinx.	Metrolinx indicated this item will be addressed when the existing equipment is replaced as part of the Device Refresh initiative. The Device Refresh initiative is part of the Settlement Negotiations which are underway. Target Implementation Date: 06/30/2022
20	The Board request the Chief Executive Officer, Toronto Transit Commission, to work together with Metrolinx to agree upon and finalize the Service Level Agreement, and to utilize an Expert Panel as outlined in the Operational Services Agreement if needed.	Metrolinx Settlement item: Service Level Agreements will be finalized as part of the Settlement Negotiations between the TTC and Metrolinx in 2021. Target Implementation Date: 12/31/2021
21	The Board request the Chief Executive Officer, Toronto Transit Commission, to work together with Metrolinx to obtain the required information to refine their estimate of revenue loss due to malfunctioning PRESTO fare equipment.	Metrolinx Settlement Item: TTC’s unpaid PRESTO lost revenue claims up to August 2020 were included as part of the settlement agreed to with Metrolinx in September 2020. TTC will continue to invoice Metrolinx for any future revenue loss due to malfunctioning PRESTO fare equipment and is working with Metrolinx to come to an agreement on revenue loss methodology, and billing calculation.

No.	Recommendation	Management Comments as of August 4, 2021
		The TTC and Metrolinx have agreed to conduct an annual review of the SLA and the Loss Fare Calculations. Target Implementation Date: 12/31/2021
22	The Board request the Chief Executive Officer, Toronto Transit Commission, to work together with Metrolinx to come to an agreement on a methodology for the revenue loss claim acceptable to both parties, and leverage its contractual governance framework of the Expert Panel if needed.	Service Level Agreements have been agreed with Metrolinx to commence October 2020 and Metrolinx has agreed to pay TTC invoice amounts for revenue losses, as part of the Settlement Negotiations. The details of the settlement will be finalized in formal Definitive Agreements between TTC and Metrolinx. Target Implementation Date: 12/31/2021
23	The Board request the Chief Executive Officer, Toronto Transit Commission, to make necessary changes to require proper approval sign-off by TTC for Metrolinx to be able to withdraw amounts from TTC's revenue bank account.	As part of the Settlement Negotiations, Metrolinx has agreed to not deduct further commission fees for the Fair Pass Program or fees associated with the support of FareGo 3.2 from TTC PRESTO revenue account. The details of the settlement will be finalized in formal Definitive Agreements between TTC and Metrolinx. Target Implementation Date: 06/30/2022

Attachment 4

TORONTO TRANSIT COMMISSION - FULLY IMPLEMENTED AUDIT RECOMMENDATIONS (Not Verified by the Auditor General)

INDEX OF RECOMMENDATIONS

Report Title: Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase Two: Non-Revenue Fleet and Equipment Management and Maintenance 2

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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 as of August 4, 2021
18	The Board request the Chief Executive Officer to take steps to shorten garage service turnaround time for non-revenue fleet by addressing issues pertaining to garage capacity, availability of technicians, parts availability and maintenance scheduling.	• Since 2016, Bus Maintenance has taken steps to shorten turnaround time for non-revenue fleet, including shortening Materials and Procurement parts delivery times. • The TTC procured a larger facility which will open in Q4 2021. This new facility will further expand the TTC's capacity to repair non-revenue fleet vehicles. Presently the TTC has three (3) hoists for non-revenue vehicles, the new facility will permit 10 hoists and as a result, garage service turnaround times for non-revenue vehicles will shorten. • In addition, once installed (plan by Q4 2021), GPS on non-revenue fleet vehicles will optimize the servicing of the non-revenue fleet by ensuring underutilized and over utilized vehicles and equipment are serviced at required intervals.

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 as of August 4, 2021
5	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: a. Assessing the costs and benefits of converting open stores to the 24/7 model. b. Increasing staff compliance with the requirement to accurately record all inventory items removed from stores, and c. Exploring other options that can improve access controls to inventory at open stores.	The following actions have been implemented in response to the recommendation: • Since the Audit report in 2016, most of the major maintenance locations especially (including all Bus garages and the largest streetcar location Leslie Barnes) have been converted to fully controlled stores i.e. 24/7 coverage by Materials Management (MM) function with wicket system for issuance of materials. • As a continuous improvement initiative, MM is proactively engaged with the maintenance departments in Maximo implementation and its integration with the Industrial Financial System (IFS) at new locations. This will help with better control/traceability of parts issued (even if the location is not covered by personnel 24/7) because the requests will be generated through the system and act as an electronic record, compared with the previous manual paper requests. • The risk analysis of product in the remaining open stores shows that the concern regarding

No.	Recommendation	Management Comments as of August 4, 2021
		stock loss is with attractive/general use items and as a result the focus is to be on those items. This will be more cost-effective than converting to the high costs associated with 'closing' the store and will address the risk. a. Completed • A cost analysis was completed looking at risk vs. savings. Under 5% of TTC inventory value is in open/partially open stores spread between multiple locations and can be considered slower moving The items are mostly industrial and very limited usage outside of TTC. Thus, overall risk is quite low and incremental benefits will not be sufficient. The cost of personnel for coverage would be disproportionately high. • Risk assessment - Internal strip count adjustment (net loss) % calculation performed (~5% of inventory value; only some of which can be considered true loss if at all); this is in line with general industry average of ~2 % shrinkage (true loss). The store locations are within premises of bigger repair facilities and outside theft or moving away of materials from stores to outside is rare confirming the low-risk assessment. b. Completed • Renewed reminders sent to maintenance teams to record issuances & to store teams to review compliance trends. • Awareness Blitz - Printed & prominently displayed posters and charts for the above along with implications for non-compliance. • SOP sent to stores and shared with customers for above. • Senior management included in the escalation procedure in case of persistent or high degree of non-compliance. • Attractive/general use items under locked cabinets at open store locations. Pictures/examples available. c. Exploration completed (pilots for identified options scheduled/completed - some may go longer-term due to dependencies) • Use of Cameras in open stores - this measure is considered as a deterrent only and there are complexities associated with using footage for investigation and discipline purposes based on language in the collective agreement. Not considered as priority due to limited and complex application.

No.	Recommendation	Management Comments as of August 4, 2021
		• Vendor managed inventory (automatic vendor machines) pilot– lessons learnt from Leslie. Not considered a priority due to the limited amount of product they can hold and their complex application. • Barcoding implementation is underway and will provide improved efficiency and accuracy for receiving, stocking and issuance. Central warehouses on track for implementation in 2021, Distributed stores in 2022. • Access cards have been tried in the past but have since been discontinued. They were deemed to be not practical and had limited value in ensuring stock security. Based on historical experience the benefits do not justify the acquisition and associated maintenance cost. Knowing which parts were taken would still not be possible with this system as doors can be propped open allowing anyone to enter. Thus, multiple options have been reviewed and assessed. Further, review was done with other outside entities with similar business needs on measures they take, and their feedback was taken into account. In conclusion, the recommendation of "exploring options" is considered as completed. The initiatives identified will be part of projects/continuous improvement plan.
6	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.	The following actions have been implemented in response to the recommendation: • Review has been completed for satellite stores. The changes have been implemented. Coverage gap analysis completed as part of risk analysis and mitigation. • All central warehouses+ 9 major locations fully controlled through coverage matching the operating hours of maintenance group. 3-4 additional store locations in plan as work order based maintenance systems being further rolled out. System will have electronic, traceable record of parts requested. • Facility space and resource constraints are there to make major access changes inside store rooms but most of these stores are located in larger repair facilities and their security system applies to the stores. • Premise CCTV recordings available for any suspected theft or break-in etc.

No.	Recommendation	Management Comments as of August 4, 2021
8	The Board request the Chief Executive Officer to review and improve the current physical count 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.	The following actions have been implemented in response to the recommendation: • The review has been completed, including an analysis of the pros and cons of strip counts. • The AG’s concerns regarding strip count shortcomings have been studied. After a thorough analysis was completed, the decision by the Materials Management group is to continue with this process, while working on continuous improvement initiatives to improve its efficacy. • The strip count process (open store) is not uncommon in 24/7 operating industries (reference - visits to Pearson Airport, CN Rail). We have decided to maintain for other benefits including help in inventory/demand planning etc.; with modifications for better efficiency. • Improved control - we developed a new process for differentiating strip count adjustments from that of a regular inventory transaction in IFS. • The previous method for recording strip count adjustments was manual and time consuming. In the new process, the strip count tally adjustments are flagged by IFS. The data from these adjustments would populate an on-demand report and can be reviewed regularly by Area/Store supervisors. This also addresses the concerns raised in 2b). • Senior Management at open store locations have been informed of the escalation plan as well for non-compliance of recording the Material Requisitions.

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 as of August 4, 2021
2	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: 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.	The following actions have been implemented in response to the recommendation: • Guidelines have been communicated and training has been provided to user groups. Training or guidance is also available and provided as needed or requested. A “How to Guide” is available on the Accounts Payable (AP) website. • A new spot audit process has been implemented since the 3rd quarter of 2019. AP staff have performed a spot audit on the 9 initial suppliers flagged by the AG. Spot audits area performed semi-annually and continue to

No.	Recommendation	Management Comments as of August 4, 2021
	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.	include the 9 suppliers originally flagged by the AG.
3	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: a. Conduct a one-time comprehensive review of vendor accounts to purge the large number of duplicate and inactive accounts. b. Implement adequate system functionalities to enable staff to update vendor account records in the system. c. Periodically review the vendor account records to ensure the required information is obtained and accurately entered into the system. 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.	The following actions have been implemented in response to the recommendation: a. Conducted a one-time comprehensive review of supplier accounts with Procurement and Category Management (PCM) staff to purge the large number of duplicate and inactive accounts. b. The vendor account update process has been revised by segregating updates to vendor information from updates to vendor payment information: • A new version of Supplier Information Management System (SIMS), the system used to record vendor accounts that update IFS, has been deployed. • Specific functionalities have been implemented for to restrict the access of vendor payment information fields to AP staff use only to update vendor account records (i.e., adding remit to addresses; adding alternate payee name) when updates are required. As a result, the vendor account update process now requires that all vendor account updates performed in SIMS must be reviewed and approved by PCM staff before IFS is updated and only after PCM approval is received and verified, then new functionality in IFS becomes available to AP staff only to update vendor accounts. c. The following activities are undertaken by AP staff to ensure vendor account records are accurate and up to date: • Annual confirmation of Account Status: Annually, after year end activities are completed, AP reviews vendor accounts to confirm active supplier accounts. A report has been developed that identifies vendor to be expired enabling AP staff to identify accounts prior to expiring the vendor accounts in IFS. • Daily confirmation: On a daily basis, and as part of the payment process, AP confirms vendor account information by verifying vendor information on invoices to be

No.	Recommendation	Management Comments as of August 4, 2021
		processed against vendor information in IFS (request updates if required). • Account updates: A process to update vendor account information has been established, as outlined in management's response to recommendation (b) above. d. The AP procedure for supplier maintenance has been updated and staff responsible have been given a copy of the new procedure that has been fully implemented since January, 2020.
9	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.	A potential duplicate report was developed and has been implemented since December 2019. The report is reviewed daily by AP Analysts. Any findings are investigated, and all necessary actions are taken to resolve issues.

Report Title: Review of Toronto Transit Commission Procurement Policies and Practices: A Case Study to Improve Future Wheel-Trans Accessible Taxi Services Procurement
Report Date: 01/31/2018

No.	Recommendation	Management Comments as of August 4, 2021
1	The Board request the Chief Executive Officer, Toronto Transit Commission, to review the necessity and the risks associated with stipulating a minimum driver rate in the upcoming accessible taxi services procurement. Financial, operational, legal and procurement risks should be considered, in consultation with legal and procurement experts.	• In Sept 2019, the TTC prepared a briefing note and presentation on the strategy and analysis in response to the Auditor General's recommendation. This briefing note was part of the presentation to the Auditor General's office staff on October 16, 2019. • The content was also presented to TTC's MX committee meeting, Nov/19. The final decision was to proceed with a stipulation of a minimum driver rate as part of the procurement process.
2	The Board request the Chief Executive Officer, Toronto Transit Commission, in the event that a minimum driver rate is included in the upcoming accessible taxi services procurement, to ensure that the appropriate financial staff assess the accuracy, completeness, and reasonableness of the financial estimate of driver income.	• As part of the development of the Request For Quote (RFQ) Staff engaged Finance to participate in the review of the financial aspects of the document to ensure the numbers reflected realistic costs and any associated risks to the TTC. • Identification and engagement of all stakeholders is standard strategic procurement practice. Multiple public consultations were held with the Industry.
3	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure that draft call document for accessible taxi services, and other Wheel-Trans contracted services, is sufficiently and thoroughly reviewed to minimize the need for addendums and changes.	• PCM staff implemented a sign off process requiring the review, comments and concurrence of the RFQ document by all the TTC Departments who are stakeholders prior to the posting of the RFQ on MERX. A similar approach was taken for any addenda that would result in significant material or financial impact to the bids.

No.	Recommendation	Management Comments as of August 4, 2021
4	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure that the appropriate subject matter experts, including finance and risk management staff, are involved at the planning stage of the upcoming accessible taxi services procurement process and the final review of the call document.	• PCM and Wheel-Trans engaged all departments mentioned in recommendation 4 in addition to retaining a Fairness Monitor and external procurement experts as part of the development of the RFQ. • Use of a fairness monitor is assessed at the procurement strategy phase for each procurement where an enhanced assurance of fairness is desired, e.g. complex procurement, high public visibility.

Report Title: Toronto Transit Commission: Managing Telecommunication Contracts and Payments
Report Date: 05/18/2018

No.	Recommendation	Management Comments as of August 4, 2021

2	The Board request the Chief Executive Officer, Toronto Transit Commission, to expedite the evaluation of the land lines excluded from Phase 1 VOIP implementation, and a detailed plan should be developed for implementation of VOIP throughout the TTC to achieve intended savings.	The following actions have been implemented in response to the recommendation:
		
		Phase 1 VOIP implementation was completed by 2020, 4266 lines were converted/installed, and 260 lines were cancelled.
		
		The feasibility assessment of the remaining 2400 lines was completed:
		• 1100 lines (approximately) were identified as track phones or safety critical phones that business requires to be retained;
		• 500 lines were identified as redundant; to avoid early cancellation penalties
		  ○ 182 lines were planned to be disconnected when contracts expire; and
		  ○ The remaining 318 lines are repurposed to meet phone requirements of new hires or commission of new facilities for 2021.
		• 190 lines were identified to be Stations and Utilities related and not configured for VOIP services;
		• 600 lines remain as is, since there is no network available on certain sites, to enable the VOIP conversion.

4	The Board request the Chief Executive Officer, Toronto Transit Commission, to review and evaluate the unused telecommunication services identified during the audit and terminate those services that are no longer needed.	The following actions have been implemented in response to the recommendation: • Information and Technology Services (ITS) staff reviewed unused telecommunication services identified during the audit and negotiated with the vendor, obtaining a one-time offer to waive termination fees on up to 125 Centrex 1.0 lines for the period of December 19, 2018 to October

No.	Recommendation	Management Comments as of August 4, 2021
		1, 2022. 98 lines were identified and disconnected during the audit and achieved $24,696 annual cost avoidance from it, starting from January 2019. • Landline: during the VOIP conversion, the business confirmed if the phone line was needed or not before any conversion. Not needed phones have been cancelled according to the contract terms. Other lines were reused for business purposes or remained as is for safety reasons or business requirements. Savings are calculated in recommendation 2. • Wireless: lines were converted when no early cancellation fee was applied. Other lines were cancelled. We might not be able to get the data when those lines were cancelled due to no access to portal anymore. Please see the lines with the providers as of July 2021. • Circuit: 61 circuits have been cancelled since October 2017. The monthly charges of the cancelled circuits ranged from $88 to $785. • Modem: all original modem on the buses were cancelled due to out of services back in 2019. The unused services management will be part of the implementation of the reengineering of the ITAM process. At the completion of the implementation, “no activity” reports will be reviewed regularly, and action will be taken accordingly. This is covered by recommendation 3 which is still open.
5	The Board request the Chief Executive Officer, Toronto Transit Commission, to develop a procedure to have end-user department staff review and verify telecommunication service invoices before payment.	The following actions have been implemented in response to the recommendation: • ITS consulted HR and Finance departments and updated the invoice verification process to manage the fixed and variable monthly costs for all ITS telecom contracts. ITS reviews and approves all received telecom service invoices before Finance department proceeds with payment. This process helps ITS to complete the invoice verification effectively and efficiently, to avoid late payment charges. Please refer to recommendation 11 below for the ITS involvement to the telecom services acquired by other departments. • For the current wireless plans, ITS has taken measures to monitor and minimize data usage. Users are notified via text message as they reach a certain threshold of data use visibility to their usage. They get a notification upon reaching a threshold of 50%, 75% and then 95% of their allocated data usage. End user and

No.	Recommendation	Management Comments as of August 4, 2021
		their cost center manager / telephone rep will be advised of any additional charges incurred.
7	The Board request the Chief Executive Officer, Toronto Transit Commission, to: a. Update current invoice verification procedure to include the use of available electronic data provided by vendors. b. Ensure staff conduct detailed invoice verification as per the documented invoice verification procedure.	The following actions have been implemented in response to the recommendation: • In the updated invoice verification process, ITS fully utilizes vendor provided data via their portals. Invoices and detail usage reports are downloaded from the portals to identify inconsistency if any which will be investigated. • ITS has created reference guides for all responsible staff to follow on how to schedule and download reports from the vendor provided portals. All relevant staff were properly trained to verify invoices properly. The Supervisor of IT Contract Administration is responsible for ensuring job training is provided, when required.
10	The Board request the Chief Executive Officer, Toronto Transit Commission, to obtain missing telecommunication service pricing agreements identified during the audit, and ensure that all payments adhere to the agreed prices. The overpayments, if any relating to prior periods should be recovered from the vendors accordingly.	The following actions have been implemented in response to the recommendation: • The updated invoice verification process, as noted above, has been updated to ensure that invoice prices are consistent with the contract terms or pricing agreements. • Items listed in the audit observations are built-in features of landline and voice circuits, which were part of the master agreement with the vendor. There are no separate pricing agreements for those built-in features. The Asymmetric Digital Subscriber Line (ADSL) circuits in the observations were valid and needed at the time of audit. ITS was monitoring and approving the invoices for these circuits according to the charge rates agreed upon between the vendor and the project team, which implemented the circuits, until their decommissioning at the end of 2018.
11	The Board request the Chief Executive Officer, Toronto Transit Commission, to implement a process for TTC capital projects involving information technology work to ensure: a. IT Services Department is consulted for technology related work; b. Detailed estimates are prepared during planning, and adequately reviewed prior to the award of the work;	This Auditor General's observation was related to construction work for the TYSSE project and ITS was not part of this noted observation. Notwithstanding this, the following actions have been implemented in response to the recommendation: • The CIO communicated with the CFO, the Heads of EC&C and P&CM to request ITS' involvement in all future telecom services planning, acquisition and implementations in

No.	Recommendation	Management Comments as of August 4, 2021
	c. Purchase orders are issued on a timely basis prior to the start of the work; d. Adequate documentation is obtained before payments are approved.	2018, and the following controls were put into place to ensure success: a. For new construction, ITS updated "Network Standards for wired and wireless connectivity" and have ensured that this is part of the EC&C Master Specs. This confirms that any new construction or reconstruction leverages current standards for network design, planning, and implementation on an on-going basis. b. For leased properties, ITS proactively reaches out every one and half months and confirms that the Property Development group is engaging ITS to review the new sites with them and endeavors to optimize/reuse as required. • TTC policy requires that P&CM sends ITS any hardware and software related procurements for review and approval. • As part of ITS business operations, we are continuously engaged with business stakeholders with open and transparent communications. • A new IT Executive Steering Committee has been established that will strengthen governance over IT spending and decision making; and keep ITS informed of all technology related work.

Report Title: Review of Toronto Transit Commission (TTC) Employee Expenses and Reward and Recognition Programs: Opportunities to Improve Policies and Controls and Save Costs
Report Date: 06/26/2018

No.	Recommendation	Management Comments as of August 4, 2021
3	The Board request the Chief Executive Officer, Toronto Transit Commission, to establish a specific purchase code for expenses related to employee rewards and recognition incurred by departments.	The following actions have been implemented in response to the recommendation: New GL Accounts were created to track expenditures by cost centre in 2019. New accounts are in use and a report is available to provide expenses incurred by department/cost centre.
18	The Board request the Chief Executive Officer, Toronto Transit Commission, to update the training approval form to include required sign-off for available budget, prior to the training expense being approved.	On January 9, 2019, the SharePoint workflow for the training approval form was updated to include an obligatory Budget Coordinator approval level in the workflow prior to obtaining Department Head approval. This recommendation is now complete.

Report Title: **Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection**
Report Date: **02/21/2019**

No.	Recommendation	Management Comments as of August 4, 2021
7	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure that bus operators and streetcar operators are instructed and trained to press the fare dispute key whenever the appropriate fare is not paid. Data from the fare dispute keys should be routinely analyzed and used to aid in the strategic allocation of fare enforcement resources.	Bus Operators continue to be instructed to use the fare dispute key when observing customers not paying a fare. Streetcar Operator seat orientation does not permit a view of fare payment (tapping). Data from the fare dispute key is analyzed to support targeted deployment initiatives, including strategic deployment of resources to specific routes at specific times. Additional refinements to the fare dispute reports are in progress. Supporting documentation shows infographics, excerpts from Operator procedure documents and information for TTC leaders with instruction on the proper use of the fare dispute key. Procedures on how to report are included in Operator training materials.
11	The Board request the Chief Executive Officer, Toronto Transit Commission, to review current TTC fare gate functionality issues, and develop and implement short and long-term strategies to improve fare gate functionality to reduce revenue loss.	Fare gate functionality is reviewed regularly with the fare gate vendor. These meetings review functionality, availability, as well as any issues raised from operational staff. Depending on the subject matter, meetings are held weekly, bi-weekly and monthly.
25	The Board request the Chief Executive Officer, Toronto Transit Commission, to improve the effectiveness and consistency of the scheduling practices of its fare inspection program to: a. Ensure the route and timing coverage is risk-based and strategic; and b. Increase the use of plain clothed Transit Fare Inspectors as it enables a more accurate assessment of fare evasion rates and a more effective inspection program.	Evidence-based deployment based on data analyzed by TTC stakeholders including the TTC's Revenue Protection department is being used to inform fare inspection scheduling practices e.g., based on fare dispute keys usage, fare gate event data, PRESTO ridership data, etc. Prior to 2020, Fare Inspectors traditionally worked a series of 12-hour shifts over a two-week period. After analyzing the amount of coverage these shifts provided, additional schedules were developed based on eight-hour and 10-hour shifts. Implementing these changes resulted in a 29% increase in shift coverage, primarily during peak service, using the same resources. Scheduling adjustments put in place in early 2020 have increased the inspection hours during high ridership times (e.g., AM and PM peak service). Inspection time by Revenue Protection resources is expected to be increased based on the revised deployment strategy. Revised 2020 deployment strategy and inspection methodology are described in the body of TTC's February 2020 Board Report - TTC's Revenue Protection Strategy.

No.	Recommendation	Management Comments as of August 4, 2021
		As fare inspection and collection processes are reviewed for further efficiencies, additional adjustments will be made. Reports and dashboards continue to be developed in response to new data sets becoming available. As of March 2020, no team members will be conducting inspections in plain clothes.

Report Title: Review of Toronto Transit Commission's Revenue Operations: Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue
Report Date: 10/21/2019

No.	Recommendation	Management Comments as of August 4, 2021
8	The Board request the Chief Executive Officer, Toronto Transit Commission, to work together with Metrolinx to: a. ensure that PRESTO's vendor's monitoring team is consistently logging tickets for all out-of-service card readers, even if able to successfully recover remotely; and b. regularly receive a log of devices that successfully re-boot.	A process (documented in January 2021) has been developed that monitors PRESTO Card readers 24/7 and provides an incident ticketing system (ServiceNow) for devices that have reported errors or are offline. A log for devices that have been successfully re-booted has been created in Excel to document the issue, resolution and priority.
9	The Board request the Chief Executive Officer, Toronto Transit Commission, to: a. provide training and communication to TTC forepersons for them to log all tickets in PRESTO's incident management system (ServiceNow) for PRESTO issues identified by TTC staff, including TTC operator sign-in sheets; and b. require TTC technicians to maintain a log of PRESTO devices reset, including whether the reset was successful or not in resolving the PRESTO issue, and provide this to TTC forepersons and PRESTO repair staff.	a. Training and communication was provided to TTC Forepersons in 2018 directing them to log all tickets in PRESTO's incident management system. If a PRESTO device reset does not resolve a PRESTO device issue, a work order is opened by TTC Forepersons in the TTC's work order system (IFS). All incidents must be logged. b. If, through the device reset, the issue 'self resolves', no work order is opened by TTC staff. Unresolved issues are logged in the TTC's work order system. Refer to the sample Vehicle Work Order.
13	The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure the TTC Bus Transportation department: a. reiterates the importance to TTC Operators to sign in all PRESTO issues, even if they are a daily or intermittent occurrence;	a. The TTC's Bus Transportation department produces communications on a quarterly schedule reminding Operators to sign in all PRESTO issues. The sign-in process is covered in the one-day recertification training that all Bus Operators receive. This was implemented in 2019. b. The TTC's Bus Transportation department started a 'PRESTO On Pull Out' initiative: i. During morning and afternoon pullouts, a Supervisor is situated at

No.	Recommendation	Management Comments as of August 4, 2021
	b. evaluates the need for additional communication and/or training for TTC Operators on the sign-in process; and c. implements a process that reconciles all vehicles to the sign-in sheets to ensure all are signed in, and for any not signed in, a separate list is maintained which includes the reason for not being signed in and whether there were any issues.	the gate; ii. the Supervisor will tap their TTC employee ID card on the front PRESTO reader to ensure that it is operational; iii. PRESTO reader equipment issues are tracked and inputted into the PRESTO service portal. When opening an incident, a PRESTO screen description is included along with time and vehicle number. c. A process to reconcile vehicles to the sign-in sheets to ensure all are signed in was implemented in Q1 2020: • Operations: All buses are signed in by Operators. Checks are performed daily and are incorporated as part of supervisory duties. An Operator interview will take place if an Operator fails to adhere to the process and corrective action is taken. • Maintenance: Daily checks are performed, and track work is tracked in the TTC's IFS system. Anomalies are reported to the Transportation Management Team for investigation and action as appropriate.
15	The Board request the Chief Executive Officer, Toronto Transit Commission, to run daily reporting on warnings for the coin box being full or 75 per cent full, and ensure those streetcars, at a minimum, are made available for the nightly coin collection.	Metrolinx began providing a daily report of warnings for coin vaults that are full or 75% full in Q4 2019. The TTC continues to improve the processes for providing vehicles for nightly repair and cash collection by Metrolinx vendors.
16	The Board request the Chief Executive Officer, Toronto Transit Commission, to work with Metrolinx to evaluate whether the coin collection needs to occur more frequently for new streetcar vending machines.	During events Nov/December 2019, PRESTO put in place a revised process for Cash Collection monitoring/scheduling at stations as well as Car houses. Additionally, PRESTO added TTC Russel Car house as a new site to be serviced for both Cash Collection as well as maintenance. Performance of these changes is being monitored on a regular basis.
17	The Board request the Chief Executive Officer, Toronto Transit Commission, to work together with Metrolinx to: a. establish a governance framework that addresses the governance gap, by re-starting and continuing the Joint Executive Committee as envisioned in the Operational Services Agreement; and b. formalize that TTC's contractual and operational issues are appropriate to address directly with Metrolinx at the Joint Executive Committee table, and includes regular status, service, and planning review meetings.	The TTC has clarified with Metrolinx its expectations around governance as described in the contract. To increase transparency, accountability and develop stronger working relationships, the TTC and Metrolinx have developed an updated governance structure. This revised structure includes the Program Group (formerly known as the Joint Executive Committee), the Executive Group and the Joint Advisory Group. The new governance model is based on the following principles: (a) Achieve a deeper partnership between both organizations and to enable faster and timely delivery of joint initiatives. (b) Consult, collaborate, share information and data,

No.	Recommendation	Management Comments as of August 4, 2021
		resolve issues and make joint decisions on key matters in accordance with the mandate and accountability of each group. (c) Acknowledge the important role each organization plays in ensuring a seamless and positive customer experience.
24	The Board request the Chief Executive Officer, Toronto Transit Commission, to work together with its vendor, to continue to make improvements to the functionality of fare gates, and to hold its vendor accountable to meet the target availability rate for TTC fare gates.	The TTC's fare gate vendor has completed a review of gate motors and provided an initial report in Q4 2019, preliminary report recommendations being trialed on a number of stations. TTC and the vendor have service level agreements in place. TTC continues to work with the vendor to improve functionality both for availability and for data and reporting. TTC will hold the vendor to account in accordance with the service level agreements for availability targets.
25	The Board request the Chief Executive Officer, Toronto Transit Commission, to consider refining its fare gate availability calculation methodology to better account for partially available fare gates.	In Q3 2019, TTC and the vendor implemented "patch 3" on fare gates without incident. This will allow TTC to update fare gate availability reporting. The two defects specifically noted in the report of "amber light" and "frozen wait screen" are addressed in the patch. TTC has seen significant reduction in incidents. Status remains as reported in TTC's February 2020 Board Report - TTC's Revenue Protection Strategy.
26	The Board request the Chief Executive Officer, Toronto Transit Commission, to continue efforts in expediting the implementation of FareGo 3.9 in order to streamline the fare gate incident management process.	A software upgrade to the fare gate operating system (FareGo 3.9) will be implemented in Q2 2020 to provide the ability to receive automatic maintenance notifications when a fare gate goes 'out of service'. In Q3 2020, The TTC and the vendor successfully implemented the changeover to FareGo 3.9 on all fare gates. FareGo 3.9 software is currently operating in production. This software provides the ability to receive automatic maintenance notifications when a fare gate goes "out of service".
27	The Board request the Chief Executive Officer, Toronto Transit Commission, to identify fare gate incident priorities in TTC's work order management system and track targets for second line maintenance by its vendor based on those incident priorities.	To identify fare gate incident priorities (critical, high, moderate, low, or information request), a drop-down for fare gate work orders moved to second line maintenance (SLM) has been implemented in the TTC's work order tracking system (MAXIMO).
28	The Board request the Chief Executive Officer, Toronto Transit Commission, to negotiate with its vendor to receive all relevant data and information regarding calculation of the fare gate service credit.	Currently, the vendor is providing all relevant data required for the calculation of service credits under the service level agreement.

Attachment 5

TORONTO TRANSIT COMMISSION - INVESTIGATION RECOMMENDATIONS (Not Verified by the Auditor General)

This attachment provides information regarding the implementation status of the two investigation recommendations from the report entitled "Auditor General's Office - Review of Complaint Regarding the June 29, 2016 Toronto Transit Commission Briefing Note, 2017". These recommendations were not included in the scope of our current follow-up review. Management's actions to address these recommendations are included in this attachment.

STATUS: NO LONGER RELEVANT

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 as of August 4, 2021
2	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 is working with the City Manager's Office to develop business rules supporting the disclosure of the requested information. TTC Policy contains guidelines for the distribution of Briefing Notes. Information related to matters that will be considered by the TTC Board, whether by TTC staff or requested by an individual member of the TTC Board, will be distributed to all members of the TTC Board. Information related to matters that will be considered by a City Committee or City Council, whether initiated by TTC staff or requested by an individual member of Council, will be distributed to all members of Council and TTC Board members. Information related to general TTC matters that are not to be considered by the TTC Board, a City Committee, or Council, may be distributed to all members of Council and TTC Board members when it is deemed appropriate to do so by the Chief Executive Officer. These situations typically relate to TTC matters that have a broad impact on TTC customers in all wards in the City of Toronto. The TTC's Commission Services Department is responsible for the distribution of briefing notes, as set out above. At this time, the TTC's briefing notes are not being published online, however Commission Services maintains each briefing note that it distributes in its electronic document management system.

No.	Recommendation	Management Comments as of August 4, 2021
		At its meeting on November 7, 2017, City Council adopted this recommendation and in doing so, it is the TTC's position that this matter is with the City Clerk's Office to close. The TTC cannot compel a City division to implement protocols for other divisions or agencies, as directed in the recommendation.

STATUS: NOT FULLY IMPLEMENTED

No.	Recommendation	Management Comments as of August 4, 2021
3	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.	The TTC enacted a policy that prescribes the guidelines for the distribution of briefing notes to elected officials and TTC Board members. The policy requires that information related to matters that will be considered by the TTC Board, whether initiated by TTC staff or requested by an individual member of the TTC Board, will be distributed to all members of the TTC Board. Information related to matters that will be considered by a City Committee or City Council, whether initiated by TTC staff or requested by an individual member of Council, will be distributed to all members of Council and TTC Board members. Information related to general TTC matters that are not to be considered by the TTC Board, a City Committee, or Council, may be distributed to all members of Council and TTC Board members when it is deemed appropriate to do so by the Chief Executive Officer. These situations typically relate to TTC matters that have a broad impact on TTC customers in all wards in the City of Toronto. The TTC's Commission Services department is responsible for the distribution of briefing notes, as set out above. Work to adopt the City Clerk's Notices Management Information System (NMIS) as the City's mechanism for briefing note distribution has been paused. The City is exploring further options to post non-legislative briefing notes. The TTC will continue to work with the City Clerk and City Manager's office to confirm that the TTC's Briefing Note distribution protocols as defined in the Correspondence with Elected Officials and TTC Board Members align with and integrate seamlessly with the City's distribution protocols and will expedite the implementation of any necessary changes to the Policy as may be required. Target Implementation Date: 06/30/2022