

**For Action**

Audit, Risk and Compliance – Flexible Work Plan Status Update

Date: September 24, 2020
To: TTC Audit and Risk Management Committee
From: Head of Audit, Risk and Compliance

Summary

The Audit, Risk and Compliance Department (ARC) intentionally designed its 2020 Work Plan to be flexible. This allowed ARC to react to COVID-19 emerging issues in an agile manner and focus activities where feasible to either complete planned work or respond to unplanned management requests. This report provides an update on the following ARC activities:

1. Review of Past Assurance Projects (2013-2019)
2. Development of an Executive Compliance Certificate - Legislation
3. COVID-19 Work Activities
4. Capital Contract Reviews – Management Action Plans
5. Fare Evasion Quarterly Reporting

By adopting a dynamic approach to our work, ARC will continue to support COVID-19 recovery and strategic mitigation activities going forward.

Recommendations

It is recommended that the TTC Audit and Risk Management Committee:

1. Receive this report for information.

Financial Summary

The implementation of the actions outlined in this Report have no additional funding implications beyond the costs of the Audit, Risk and Compliance Department that were included in the 2020 Operating Budget and approved by City Council on February 19,

2020. The Interim Chief Financial Officer has reviewed this report and agrees with the financial summary information.

Equity/Accessibility Matters

The TTC is committed to promoting and supporting accessibility, diversity and inclusion in all corporate policies, procedures, processes, programs and services, to reflect and respond to the needs of our customers and employees. This includes serving the needs of customers with disabilities that are at high risk whether because they have COVID-19 or not, in a manner that ensures their safety and that of Wheel-Trans Operators; acknowledging that mitigation strategies will be pursued to meet accessibility deadlines; and that decisions on whether to conduct fare inspections must take into account the realities of COVID-19 and dignity of TTC's diverse customers. This is supported by the continued work of the Audit, Risk and Compliance Department during the COVID-19 pandemic.

Decision History

The Audit, Risk and Compliance Department's Flexible Work Plan (2020) was approved by the Audit and Risk Management Committee (ARMC) on February 11, 2020. A commitment to intentionally increase interaction with internal stakeholders and apply the principles of agility to our work was highlighted. Also, an acknowledgement that calculated trade-offs between the breadth and depth of ARC assignments must be made to balance project requirements with available resources.

Understanding the need to remain flexible and responsive to changes in the risk landscape, as well as the practice of refining scope of work activities as ARC's comprehension of exposures unfold, is essential to appreciating the expectations embedded in ARC's Flexible Work Plan (2020).

[http://www.ttc.ca/About the TTC/Commission reports and information/Committee meetings/Audit Risk Management/2020/February 11/Reports/1 Audit Risk and Compliance Report Flexible Work Plan %282020%29.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Committee%20meetings/Audit%20Risk%20Management/2020/February%2011/Reports/1%20Audit%20Risk%20and%20Compliance%20Report%20Flexible%20Work%20Plan%20%282020%29.pdf)

Issue Background

In accordance with the TTC's corporate response to the Province of Ontario's declared state of emergency, all ARC staff began working from home full time on March 17, 2020. This disruption did not impede progress being made by ARC on major initiatives and work activities. Efforts were also made to stay abreast of pandemic-related risks/issues by researching emerging COVID-19 trends and participating in a variety of

public transit and COVID-19-specific webinars. This allowed ARC to respond to managerial requests for assistance in whatever capacity was feasible.

Comments

The following provides an overview of key activities initiated, completed and planned going forward by ARC in accordance with its Flexible Work Plan (2020). Specifically:

1. Review of Past Assurance Projects (2013-2019)

ARC has completed a comprehensive review of all assurance work completed by the department over the past seven years. The purpose of this extensive initiative was to summarize past audit observations, synthesize identified risks, and based on management's assertions, assess progress made to address risks and identify areas where further mitigation may be pursued.

While progress has been made in a majority of areas, work needs to continue. Management is aware of the remaining gaps and will mitigate further as deemed appropriate and cost beneficial. Potential audit assurance/advisory work aimed to support management in these going-forward efforts will be considered and prioritized accordingly.

By familiarizing the current TTC Senior Management team with observations made prior to their appointment and refining going-forward commitment to action, ARC is driving accountability and reiterating the importance of continuous improvement, oversight and a strong control environment.

2. Executive Compliance Certificate - Legislation

The ARMC endorsed the development of a TTC Executive Compliance Certificate and annual attestation process on February 11, 2020. The purpose of this initiative is to:

- Support the ARMC in fulfilling its oversight responsibilities;
- Provide the CEO and ARMC a formal mechanism for reporting Executive compliance assertions; and
- Demonstrate accountability, foster a culture of compliance and reduce the risk of liability to the organization, its employees, officers and directors.

Partnering with TTC Legal staff, ARC has progressed this work and prepared a draft Certificate for the ARMC's review and feedback (see Attachment 1). Specifically, having concluded initial consultation with all Executives, TTC Legal staff have prepared summaries outlining compliance and due diligence expectations for 15 key statutes and their applicability to the TTC. Executive education sessions scheduled to begin in Q4 2020 will be jointly hosted by ARC and Legal. The intent is to ensure consistent

understanding of expectations that will culminate into accountable Executive sign-off of a compliance certificate.

Executives have commented that a lack of dedicated staff/positions responsible for scanning amendments to all legislation impacting the TTC and for ensuring effective internal controls are in place to support and verify departmental compliance on a continuous basis may prove challenging. As such, options for phasing in the sign-off of the 15 key statutes are being considered to allow Executive staff time to implement appropriate actions that will support their ability to sign-off the Certificate without limitations in 2021.

3. COVID-19 Work Activities

ARC completed the following activities around pandemic-related risks:

COVID-19 Procedural Reviews: ARC staff completed a variety of “desktop” procedural reviews for purposes of assessing the design of controls as described in documentation and implemented as part of the TTC’s early response to COVID-19. For example, ARC staff:

- Provided input to strengthen the “Interim Electronic Invoice Approval Process” procedure issued to guide the reconciliation and approval of invoice payments during the COVID-19 pandemic period, effective April 6, 2020.
- Reviewed preliminary “TTC COVID-19 Enhanced Cleaning and Disinfecting Procedures” documentation, highlighting the criticality of accurate vehicle and facility record keeping, and the benefits of implementing a robust quality assurance program that should involve the performance of safety checks that focus on compliance with new procedures, proper dilution of new disinfecting products and the correct use and disposal of PPE.
- Analyzed the operating procedures and related processes implemented by Wheel-Trans to manage special COVID-19-related transport requests designed to ensure the safety of volunteer Operators and the high-risk customers being served. ARC assisted in developing job aid checklists to provide clarity of roles and responsibilities for various positions involved in the delivery of these special transport services.

Critical Personal Protective Equipment (PPE): Recognizing the TTC’s heightened need to secure its supply of critical PPE (i.e. N95 masks, Tyvek suits, nitrile gloves and Oxivir wipes) and prevent misuse or shortages, the Chief of Infrastructure and Engineering (CIE) requested ARC to review newly implemented shop-floor inventory control procedures in April 2020. Two ARC staff volunteered to conduct on-site field visits at sample TTC locations to observe PPE distribution, storage, usage tracking and physical counting processes in May 2020.

ARC noted that the CIE's message to exercise restraint in the use of critical PPE was generally appreciated by workers. However, based on ARC's results, the CIE is pursuing the recommendation to establish new departmental baseline inventory levels and to document expectations for regular physical counts. Such actions will improve the accuracy of burn rates and drive appropriate ordering. The CIE has requested ARC to re-perform its procedures in fall 2020 to confirm whether improvements have been implemented as directed, and to evaluate the option of establishing a corporate best practice on shop-floor inventory management and control.

TTC COVID-19 Chronology Registry: ARC staff provided administrative and technical support to Management staff to design and populate a database within MicroStrategy to archive the TTC's COVID-19 decisions and activities. In addition, ARC reviewed the Chronology for content completeness. Commission Services has also developed a SharePoint site to house all supporting documentation related to the Chronology entries (i.e. Meeting Minutes, Dashboard Updates, Corporate Notices, etc.) and will manage and maintain the site for future reference.

Enhanced Cleaning and Disinfecting – Stations and Public Washrooms: A number of safety measures have been taken to protect customers and prevent the spread of COVID-19, including enhanced cleaning and disinfection of high-touch areas and the installation of hand sanitizers within subway stations. The expected frequency of public washroom cleaning at busier subway stations has also been increased.

ARC completed a focused review to assess compliance with the TTC's commitment to disinfect common touch points in stations two-to-three times daily; and to clean/disinfect public washrooms at least every 90 minutes, and more frequently at the four busiest stations (i.e. Bloor-Yonge, Finch, Kipling and Eglinton). This involved ARC staff conducting random, surprise on-site field visits over a two-week period at a sample of 12 TTC stations to visually observe cleaning and disinfecting activities, as well as to inspect the general state of facilities and equipment cleanliness.

Public washrooms at 11 stations are cleaned by third-party contract cleaning staff. Facilities inspected by ARC were generally clean and well-stocked. Contractor cleaning staff complied with the minimum 90-minute public washroom cleaning requirement and stationary crews dedicated to busier facilities cleaned these locations consistently. All contract cleaning staff electronically record each facility visit by tapping their handheld reader against the radio frequency identification (RFID) tag on the facility wall.

TTC janitorial staff are responsible for cleaning and disinfecting stations in accordance with defined schedules. Two incidents of non-compliance with schedule adherence were noted, prompting Stations Management to investigate and issue disciplinary warnings accordingly. Stations Management should improve supervisory controls and employee safety monitoring by considering alternatives to the existing manual check in and out process. For example, a worker could tap their employee pass at PRESTO fare gates for each assigned location if implementation of a tracking tool similar to that used by contractor cleaning staff is considered cost prohibitive.

While face masks, disposable gloves and safety footwear were worn by contractor cleaning and TTC janitorial staff onsite, ARC observed a consistent lack of use of safety eyewear during disinfecting activities. Use of PPE should be reinforced to reduce potential exposure to bacteria and viruses, as well as harmful cleaning and disinfecting chemicals, particularly when mixing solutions.

Opportunities for tailoring existing cleaning/disinfecting schedules and mapping the sequencing of cleaning/disinfecting activities to ensure coverage of all denoted station equipment and assets have been highlighted for Stations Management's consideration. Such refinement of the schedules will ensure completion of all required tasks and improve work efficiency. The preparation of cleaning checklists that highlight key procedural reminders (i.e. proper changing/folding of rags and disinfectant wiping/spraying techniques), require worker sign-off to indicate task completion, and submission of the forms at designated station sites could also support continuous training and attendance monitoring efforts. However, in the interim, to address noted deficiencies in task completion and mitigate risk of damage to sensitive equipment (i.e. fare gates), Stations Management intend to formally notify TTC janitorial staff of the need to ensure consistent application of disinfectant and proper cleaning techniques.

Foot-operated and/or automatic wall-mounted hand sanitizer dispensers are installed throughout subway stations. ARC noted that five of the 20 foot-operated devices observed were not consistently dispensing liquid. Per management, issues were attributable to an existing calibration error causing the foot pumps to malfunction but new fasteners to set the appropriate cage heights are being installed by TTC Plant Maintenance to prevent reoccurrence.

Finally, visual observation and inspection limits ARC's ability to attest to the effectiveness of station and public washroom cleaning and disinfecting. Future use of UV light scans and/or other field quality checking equipment will potentially enable the TTC to assess "before and after" disinfecting conditions; the results of which could inform the TTC to further heighten its cleaning activities for a potential second wave.

4. Capital Contract Reviews – Management Action Plans

On December 12, 2019, ARC presented the results of two capital contract reviews to the ARMC. The first assessed the status of the Easier Access III (EA III) project and likelihood of meeting the January 1, 2025 deadline in accordance with the *Accessibility for Ontarians with Disabilities Act* (AODA). The second focused on the TTC's On-Grade Paving Rehabilitation Program (OGP), for which the 10-year Capital Budget (2019-2028) is approximately \$115 million. At that time, Executive Management acknowledged its need to address identified contractual risk management and cost containment control issues, as well as improve oversight of project and construction management. Progress has since been made. Specifically:

EA III Program: On July 14, 2020, Management presented a status update report to the Board on the EA III Program schedule. At this time, it was explained that while the schedule indicates completion of all remaining stations by the due date of January 1, 2025, it is anticipated that there will be a need for an increase in the overall budget to accommodate more complex requirements. As was reported by ARC in February 2020, Management acknowledged that completion of Warden and Islington stations by 2025 will be very challenging. Mitigation strategies being investigated by the project team to improve the schedule were outlined, including constructing the project in phases by separate contracts, advancing the elevator construction associated with the station and constructing an accessible temporary bus loading area. Discussions with Management following this report suggest more regular update reporting to the Board for the Program will be provided going forward.

Executive Contract Review Committee (ECRC): In June 2020, preliminary discussions were held regarding the formation of an ECRC as part of a broader initiative to establish a financial accountability framework with aligned and integrated financial, materials, procurement and commercial management policies, processes and practices. The expectation is that the ECRC, comprised of the Chief Financial Officer, the Chief Capital Officer, the Deputy CEO and the Chief of Staff, will monitor and review the management and performance of current contracts and projects from a financial, commercial and project management perspective with a focus on understanding, reviewing and approving contract and project changes that may impact the cost, scope or delivery of approved capital projects and service contracts or agreements. Initial criteria and thresholds for identifying contracts to be reviewed by the ECRC have been established. ARC regards the formation of this Committee to be a critical step towards enhancing cost containment controls and project oversight.

McNicoll Bus Garage Review – Lessons Learned: ARC completed a review of the McNicoll Bus Garage project that focused on comparing best practices in Design-Build (DB) projects, Canadian Construction Document Committee documents, and the McNicoll Bus Garage Design-Build Agreement (DBA) to actual processes used on the project. ARC evaluated 12 areas of project risk and observed best practices in two key areas: in the use of an experienced project management team; and the use of fairness monitors.

Further, ARC noted 10 lessons learned for consideration and use in the selection of future contract strategies and quality management processes at the TTC. The most significant being to ensure a detailed, documented delivery options analysis for large projects be prepared, including planned benefits (i.e. costs savings or shortened project timelines) to evidence early planning and contracting decisions, drive achievement of planned project benefits, and validate the realization of such benefits upon project completion. In response, Engineering, Construction and Expansion (EC&E) anticipate the Portfolio Management Office, or the CFO through the Commercial Management mandate, to develop a delivery options framework for major projects, including policies, procedures and guidelines for all departments across the TTC. However, until a corporate framework is in place, EC&E will undertake revisions to various departmental

procedures to ensure an evaluation of the pros and cons to be achieved from selecting alternates to the Design-Bid-Build procurement model for Category 3 and 4 projects is documented. This will form the basis for post-project evaluation of actual outcomes to plan.

5. Fare Evasion Quarterly Reporting

Fare Inspectors stopped routine Proof of Payment (POP) inspections on March 23, 2020 due to COVID-19. As inspection activities resume and new data is gathered to inform going forward deployment, the Revenue Protection Office (RPO) is expected to implement strategies designed to reduce fare evasion. ARC will then conduct independent observations to assess the impact of these measures. In the meantime, ARC is collaborating with the RPO, Finance and Service Planning in an effort to develop an appropriate dashboard to provide regular reporting to the Board, through the CEO's Report, on fare enforcement activities and customer tapping behaviour trends.

Contact

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Signature



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Attachments

Attachment 1 - Draft Legal Compliance Certificate

Executive Compliance Certificate - Legislation

This Executive Compliance Certificate, along with the Legislative Summaries Resource, Legal Education Sessions and compliance support provided throughout the year, constitutes the TTC's process for confirming Executive compliance assertions to statutes and by-laws for submission to the TTC's Audit and Risk Management Committee (ARMC). These efforts are designed to: support the ARMC in fulfilling its oversight responsibilities; provide the CEO and ARMC a formal mechanism for reporting Executive compliance assertions; as well as demonstrate accountability, foster a culture of compliance and reduce the risk of liability to the organization, its employees, officers and directors. The statutes below are not an exhaustive list of legislative requirements but have been selected for their organization wide impact and because they represent sources of significant responsibility for the TTC.

Please sign this certificate and return to the Audit, Risk and Compliance Department (ARC) by July 1, 2021 (Attention Head-ARC).

1. I acknowledge that my staff and I are subject and required to comply with the legislative requirements as set out in the statutes and by-laws noted below. I commit to exercising my best efforts to achieving legislative compliance, will report any non-compliance matters that I am aware of, or become aware of, and will expeditiously initiate corrective action when required.

2. To the best of my knowledge, and on behalf of my Group (as identified below), I certify that we are compliant with the obligations set out in the statutes and by-laws noted below, save and except for the matters listed in section 3.
 - Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11
 - City of Toronto Act, 2006, S.O. 2006, c. 11, Sched. A
 - City of Toronto Municipal Code, Chapter 192 Public Service
 - City of Toronto Municipal Code, Chapter 279 Toronto Transit Commission
 - Construction Act, R.S.O. 1990 c.C.30
 - Criminal Code, R.S.C. 1985, c. C-46
 - Environmental Protection Act R.S.O. 1990, c. E.19
 - Employment Standards Act, 2000, S.O. 2000, c. 41

- Fire Protection and Prevention Act, 1997, S.O. 1997, c. 4
- Highway Traffic Act, R.S.O. 1990, c. H.8;
- Human Rights Code, R.S.O. 1990, c. H.19
- Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. M.56
- Occupational Health and Safety Act, R.S.O. 1990, c. O.1
- Toronto Transit Commission Labour Disputes Resolution Act, 2011, S.O. 2011, c. 2
- Workplace Safety and Insurance Act, 1997, S.O. 1997, c. 16, Sched. A

3. I have listed below any non-compliance matters, within my group, of which I am aware (if none, please leave blank).

Executive Name: _____

Group/Department: _____

Signature: _____

Date: _____