



## **Audit, Risk and Compliance – 2022 Flexible Work Plan Status Update**

**Date:** June 9, 2022  
**To:** Audit and Risk Management Committee  
**From:** Head of Audit, Risk and Compliance (Acting)

### **Summary**

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The Audit, Risk and Compliance Department (ARC) purposefully designs its annual work plans to be flexible. This allows ARC to react to emerging issues in an agile manner and focus activities where feasible to either complete planned work or respond to ad hoc management requests. Given this is the last scheduled update to the Audit and Risk Management Committee (ARMC) in 2022, this report outlines planned activities and tentative timelines for the remainder of the year.

### **Recommendations**

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It is recommended that the Audit and Risk Management Committee:

1. Receive this report for information.

### **Financial Summary**

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The implementation of the actions outlined in this report has no additional funding implications beyond the costs of the Audit, Risk and Compliance Department that were included in the 2022 Operating Budget and approved by the TTC Board on December 20, 2021 and City Council on February 17, 2022.

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

### **Equity/Accessibility Matters**

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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. The independent assurance and advisory work of the ARC Department supports TTC leadership efforts to

continuously improve controls and integrate risk management into processes that drive achievement of corporate goals and objectives.

## **Decision History**

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The Audit, Risk and Compliance Department's Flexible Work Plan (2022) was approved by the Audit and Risk Management Committee (ARMC) on December 2, 2021 and forwarded to the TTC Board on December 8, 2021. ARC's commitment to intentionally remain agile and responsive to changes in the TTC's risk landscape was highlighted, including the need to avail ARC staff to the TTC CEO and Executive Team as they increasingly and proactively reach out for ARC's assistance to address known issues.

Understanding the need to remain flexible and responsive, as well as the practice of refining the scope of work activities as ARC's comprehension of exposures unfold, is essential to appreciating the expectations embedded in ARC's Flexible Work Plan (2022).

<https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Audit-and-Risk-Management/2021/December-02/3Audit-RiskandComplianceReportFlexibleWorkPlan-2022Decision.pdf?rev=a7329b94979f4b46a7fe9bd2cda73571&hash=BAF594D93870A69499192ECB6EFA7511>

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/December-8/7\\_Transmittal\\_Audit\\_Risk\\_and\\_Compliance\\_Report\\_Flexible\\_Work\\_Plan\\_2022.pdf?rev=5a38670df08b41638b23f2079f7ba4a1&hash=94D09CC7684602E9A284AC0A93C425B8](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/December-8/7_Transmittal_Audit_Risk_and_Compliance_Report_Flexible_Work_Plan_2022.pdf?rev=5a38670df08b41638b23f2079f7ba4a1&hash=94D09CC7684602E9A284AC0A93C425B8)

## **Issue Background**

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While it is not the ARC Department's responsibility to formulate policies or enforce compliance to plans and strategies, we can support those directly accountable and responsible for ensuring such plans achieve stated objectives by offering varying perspectives. In this respect, ARC provides independent assurance and advisory services aimed to continuously improve controls and risk mitigation.

## **Comments**

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ARC regards the relaxing of COVID restriction and TTC's return to office mandate as an opportunity to re-establish a presence amongst business groups by completing a variety of focused audit tests in the field. On-site visits allow ARC staff to make physical observations and gain a better understanding of current state processes, many of which still rely on manual controls.

ARC has also initiated a number of activities that collectively aims to improve organizational risk management and resiliency frameworks; and in turn, drive the development of future ARC risk-based work plans.

Finally, ARC continues to respond to CEO/Senior Management requests and avail ourselves to provide independent insights and balanced perspective on a variety of topics. In some cases, initiating discussions on levels of preparedness and responses to emerging risks is adequate to ensure information is being escalated to appropriate levels and potential impacts are being mitigated to an acceptable level.

Appendix 1 outlines further details regarding planned ARC activities and target timelines for the remainder of 2022.

## **Contact**

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## **Signature**

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Head – Audit, Risk and Compliance (Acting)

## ARC 2022 Flexible Work Plan Update

ARC Focus	Update - ARC Activities & Lines of Inquiry
Enterprise Risk and Resiliency Management	<ul style="list-style-type: none"> <li>Independent Review &amp; Gap Analysis (Q4 2022):               <ul style="list-style-type: none"> <li>Third Party Consultant – ERM Program Review/Reset Roadmap</li> <li>ARC – Interim: Executive Discussions</li> </ul> </li> </ul>
Executive Compliance Certification	<ul style="list-style-type: none"> <li>Year 2 ECC Enhancement &amp; Sign-Off (Q4 2022):               <ul style="list-style-type: none"> <li>Executive Applicability Scores</li> <li>Year 1 - Issue Identification &amp; Action Plans</li> <li>ARC - Preliminary TTC Policy/Legislation Mapping</li> </ul> </li> </ul>
Fraud/Misconduct, Waste and Ethics Culture	<ul style="list-style-type: none"> <li>ARC Fraud Risk Assessment &amp; Targeted Testing (Q3-Q4 2022)</li> </ul>
Audit Follow-up	<ul style="list-style-type: none"> <li>ARC Initiated Selections (Ongoing)</li> </ul>
Digital Transformation and Innovation	<ul style="list-style-type: none"> <li>Metric Development &amp; Accuracy Assessments (Ongoing)</li> </ul>
Cybersecurity	<ul style="list-style-type: none"> <li>Vulnerability/Penetration Testing: Recommendation Tracking &amp; Implementation (Ongoing)               <ul style="list-style-type: none"> <li>TTC (via third party) – ATC security testing</li> <li>AG Work Plan</li> </ul> </li> <li>Dashboard Development (Advisory) (Q4 2022)</li> <li>Cyber Insurance Claim &amp; Renewal (Assurance) (Q4 2022)</li> </ul>
IT Security and Incident Management	<ul style="list-style-type: none"> <li>Dashboard Development (Advisory) (Q4 2022)</li> </ul>
Financial Accounting/Reporting Developments	<ul style="list-style-type: none"> <li>Asset Retirement Obligations (ARO) Readiness Assessment (Q4 2022)</li> </ul>
Other Matters	<ul style="list-style-type: none"> <li>MTO Specified Audit Procedures: Driver Certification Program (Q2 2022 – Pending Final Submission)</li> </ul>