

**Date:** 2020-10-27

**Subject:** Transit Operations Audit Report

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**Report Number:** CAO's Office-2020-354

**Significant Improvement Required****Executive Summary:**

Internal Audit conducted a review of the City's Transit Operations. The annual operating budget for Brampton Transit is \$174Million, and is one of several major services provided to the residents of Brampton.













The main objective of the audit was to ensure that policies and procedures are in place and adhered to, the operations are streamlined, and transparent. Proper processes are in place to ensure all costs and revenue are accounted for, and the budgets were properly maintained and variances were properly analyzed and approved.





The background, the audit scope, and objective are explained in **Appendix 1**.

**Some of the strengths we found in the processes are as follows:**

- Majority of the SOPs are available and distributed to the staff on a timely basis
- System reports are available for management for analysis and reconciliations.
- A well-organized inventory system is in place at both Transit locations to allow easy and efficient access to all inventory items.
- Daily and monthly reconciliations are performed with various systems for PRESTO fare payments.
- Payments and credits for inventory and fuel purchases are processed on a timely basis with no duplicate payments.

**Internal Audit discussed the following improvement opportunities with the Transit team:**

Process	Finding	Rating
Procurement Process	<ul style="list-style-type: none"> <li>Purchase orders (PO's) are not reviewed and approved before sending them to the vendors.</li> <li>Stock-keepers issue PO's and receive products in the system i.e. no segregation of duties.</li> </ul>	
Scrap Sales	<ul style="list-style-type: none"> <li>Scrap is not segregated by metal during the sale i.e. steel and aluminum.</li> <li>Scrap weight is not independently verified prior to the sales.</li> </ul>	
Inventory Management	Repair parts purchases from different vendors are stored under the same part number in the system.	
Inventory Management	<ul style="list-style-type: none"> <li>Significant variances noted during physical verification of existing inventory items.</li> <li>No cycle count are conducted at Sandalwood location.</li> </ul>	
Inventory Management	No integration between M5 and TCCS system resulting into duplication of manual efforts.	
Policies and Procedures	Some of the standard operating procedures are not current and require updates.	
Fuel Cards	Fuel cards used by non-revenue generated vehicles need stronger oversight.	
Fuel Monitoring	The fuel transactions invoices require more oversight to confirm that the invoices are complete, accurate, and appropriate before signing off.	
Fuel Reconciliations	No established threshold is in place for fuel fluctuation due to temperature variability.	
Fuel Inventory	Noted instances wherein vendor invoiced quantities were greater than quantities recorded as delivered on site.	
Fare Collection and Enforcement	<ul style="list-style-type: none"> <li>Better analysis is needed for estimates and acceptable target for fare evasion.</li> <li>The process to review the partial fare numbers based on the existing report and the strategic actions of fare enforcement resources need improvements.</li> </ul>	
Accident Claims	Accidents claims report process needs improvements for reporting regarding the timelines and locations of accidents.	

Budget Monitoring	Inadequate review of budget base and actual spend for Snack bar sales.	
Repair and Maintenance	Inspection sheets completed as per MTO guidelines need stronger review process.	
Attendance Cards	Mechanics and stock keepers using physical cards for attendance records which is a manual process and prone to errors.	
Disposal Process	Anomalies noted in the documentation for disposal process.	
<p>These issues and associated management action plans are explained in more detail in <b>Appendix 1</b>. These issues are rated as per criteria explained in <b>Appendix 2</b>.</p>		

**Conclusion:**

Internal controls over Transit operations require **Significant Improvement**.

Overall report rating is determined as per criteria for audit report rating explained in **Appendix 3**.

We thank the Transit team for their support and efforts during the audit.

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**Attachments:**

Appendix 1: Contract Awarding Process Audit 2020 Report

Appendix 2: Criteria for Evaluating Audit Findings

Appendix 3: Criteria for Audit Report Rating