

Transit Operations Audit – Audit Report
Private & Confidential
Appendix 3: Criteria for Audit Report Rating

Rating	Description
Effective	<ul style="list-style-type: none"> • Key controls are adequately and appropriately designed, and are operating effectively to support objectives and manage risks • Audit recommendations resulted in only minor enhancements to the effectiveness or efficiency of controls and processes • One or more Priority 3 Findings • Insignificant cumulative financial impact when all audit findings have been considered • Audit findings would not be subject to a follow-up by Internal Audit
Improvement Required	<ul style="list-style-type: none"> • A few control weaknesses were noted that require enhancements to better support objectives and manage risks • One Priority 2 and Priority 3 findings • Priority 3 findings only where the cumulative financial impact is significant • Corrective action and oversight by management is needed • Audit findings could be subject to a follow-up by Internal Audit
Significant Improvement Required	<ul style="list-style-type: none"> • Numerous key control weaknesses were noted that require significant improvement to support objectives and manage risks • One Priority 1 finding or more than one Priority 2 findings and Priority 3 findings • Priority 2 and 3 findings only where the cumulative financial impact is significant • Corrective action and oversight by senior management is required • Audit findings will be subject to a follow-up by Internal Audit
Immediate Action Required	<ul style="list-style-type: none"> • Key controls are either not adequately or appropriately designed and are not operating effectively, or there is an absence of appropriate key controls to support objectives and manage risks • More than one Priority 1 finding, combined with Priority 2 or 3 findings • Regardless of the type of findings, the cumulative financial impact is material to the City's financial statements. • Confirmed fraud by management or staff • Corrective action and oversight by Senior Leadership Team is required immediately • Follow-up of such audit findings by Internal Audit would be of high priority

