

To: Board of Directors
From: Greg Murphy
Director (A), Internal Audit
Date: September 14, 2018
Re: Office of the Auditor General of Ontario - Update on Key Auditor General Activities at Metrolinx

Executive Summary

The activities of the Office of the Auditor General of Ontario within Metrolinx include the ongoing Value-for-Money Audit on Light Rail Transit Planning and Delivery under the Regional Transportation Plan and GO Stations Selection. Additionally, the Auditor General has published reports on Public Transit Construction Contract Awarding and Oversight (2016) and Regional Transportation Planning (2012, with follow-up activity in 2014, 2017, and 2018).

Current status from each of these activities is provided below.

Value-for-Money Audit on the Light Rail Transit Planning & Delivery and GO Station Selection

Metrolinx Internal Audit continues to play a key role in coordinating audit activities relating to the LRT Planning and Delivery and GO Station Selection Audit currently underway. Internal Audit is supporting the organization through the fieldwork and clearance process. The Metrolinx Senior Management Team has worked together with a team of subject matter experts to ensure pertinent, complete, and accurate information is provided to the Auditor General.

Audit results will be included in the 2018 Auditor General's Annual Report, which is expected to be released in December 2018.

Follow-up on Metrolinx - Public Transit Construction Contract Awarding and Oversight (2016)

Metrolinx Internal Audit has been tracking the implementation of action plans in accordance with agreed upon timelines as indicated in the Auditor General's December 2016 report, *Metrolinx - Public Transit Construction Contract Awarding and Oversight*. Results are presented periodically to the Metrolinx Board of Directors.

Since the release of the Auditor General's 2016 Report, Management continues to support implementation of recommendations resulting from the Report through enhanced vendor performance management activities, enhanced oversight activities, and development of procedures aimed at enhancing consistent contract management practices.

On March 29th, 2018, the Auditor General initiated a follow-up audit on the implementation of the report's 38 recommendations. The Auditor General is in the process of independently validating management's assessment. The results of the follow-up activity will be released in the Auditor General's 2018 Annual Report.

Management has *self-assessed* the current status of each action item as follows: 8 of 38 (21%) of the actions recommended are “fully implemented”; 26 of 38 (68%) are “in process of being implemented”; 4 of 38 (11%) actions recommended “will not be implemented”. Items are generally identified as ‘will not be implemented’ where the identified risk has been mitigated with no further action required. *The Auditor General is in the process of validating management’s assessment.*

Ongoing Follow-up on the 2012 Regional Transportation Planning Audit (and related work)

On March 29th, 2018, the Auditor General initiated a second follow-up audit on open recommendations from the following two reports:

- i. *2014 Follow-up Report on Metrolinx Regional Transportation Planning (first audit conducted in 2012); and*
- ii. *2016 Report tabled by the Standing Committee on Public Accounts.*

These reports are similar but contain a distinct set of recommendations.

The Auditor General requested responses and related documentation to support the follow-up audit of the actions completed to date. With respect to the open recommendations examined by the Auditor General in this round of follow-up, Metrolinx *management’s preliminary assessment* of implementation status for outstanding actions is as follows:

2012/14 Report Follow-up

- 2 of 7 (29%) of the outstanding actions recommended are “fully implemented”
- 5 of 7 (71%) are “in process of begin implemented”

2016 SCOPA Report Follow-up

- 3 of 12 (25%) of the outstanding actions recommended are “fully implemented”
- 9 of 12 (75%) are “in process of begin implemented”

Final results of the audit will be included in the follow-up report volume of the 2018 Auditor General’s Annual Report, anticipated to be released in early December 2018. Internal Audit’s focus will be on working with Metrolinx management to close out all outstanding action plans.

Respectfully submitted,

Greg Murphy
Director (A), Internal Audit