



## **Executive Compliance Certificates – CEO Submission (2022)**

**Date:** February 13, 2023

**To:** TTC Audit and Risk Management Committee

**From:** Chief Executive Officer

### **Summary**

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The Audit and Risk Management Committee (ARMC) Terms of Reference establishes the ARMC as having oversight responsibility for compliance with laws and regulations. As such, it is the responsibility of the TTC CEO and ARMC to maintain the public's trust by demonstrating transparency and accountability over legal compliance to reduce the risk of liability to the organization, its employees, officers and directors.

In order to support the ARMC in fulfilling its governance responsibilities over legal compliance, the Audit, Risk and Compliance Department (ARC) collaborated with the Legal Department to provide the CEO and ARMC a mechanism for demonstrating Executive accountability for compliance with statutes and By-laws through formal compliance assertion reporting. As such, the Executive Compliance Certificate (ECC) was implemented in October 2020 and identified 15 statutes selected for their organization-wide impact and because they represent sources of significant responsibility for the TTC.

Through the ECC, Executives are also given the opportunity to identify any compliance matters arising during the reporting period that they believe would benefit from further assessment and possible procedural improvements. In 2022, ARC initiated interviews to discuss each of the 10 matters reported by Executives in Year 1 and completed appropriate work to support the development of management action plans (MAPs) where opportunities for improvement in the policies, procedures and processes that govern compliance were noted.

Building on the feedback and experience gained in Year 1, the TTC embarked on a number of compliance activities and education initiatives to support the 2021/2022 sign-off. In particular, much emphasis was placed on the requirements of the City of Toronto's Public Service By-law – 192. The By-law describes the ethical standards that all TTC employees must abide by in the performance of their duties as members of the public service. Some of the Year 2 activities included:

- Completion of a scoring exercise that had Executive Team members rank each of the 15 ECC statutes and By-laws in priority order based on their importance to each Executive's daily activities and/or the achievement of their corporate objectives; the results of which are being used to guide a legal education strategy;

- Joint delivery of an ethics training program to the Executive Team by external consultants, academics;
- Targeted staff presentations on ethics; and
- Circulation to TTC Leadership of communication from TTC Human Resources, i.e. “City of Toronto Public Service By-law – responsibilities of TTC employees” with guidance on conflicts of interest involving gifts.

All TTC Executive members are required to complete their Certificates for the period covering October 1, 2021 to December 31, 2022. By signing the Certificate, each Executive is reporting that during this period they exercised due diligence to meet the obligations set out in the statutes and By-laws by ensuring that appropriate policies, procedures and processes are in place to govern compliance and report non-compliance issues.

This report summarizes the results and insights derived from ARC and the TTC General Counsel’s review of signed ECCs and reported compliance matters, and provides an overview of the various ECC-related education and compliance activities conducted throughout the year.

## **Recommendations**

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

1. Receive this report for information.

## **Financial Summary**

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Costs to complete the Executive Compliance Certifications as detailed in this report were included in the 2022 Operating Budget 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 equity and accessibility in all corporate policies, procedures, processes to reflect and respond to the needs of our customers and employees. This includes programs put in place to support compliance with applicable legislation, including the Accessibility for Ontarians with Disabilities Act, the Ontario Human Rights Code, the Employment Standards Act and the Occupational Health and Safety Act.

## **Decision History**

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At its meeting on February 9, 2017, the ARMC confirmed its oversight responsibility for compliance with laws and regulations and requested the TTC to report back on the

feasibility of implementing a process to facilitate an annual compliance confirmation of the various laws and regulations governing the TTC.

[Minutes - Audit & Risk Management Committee - February 9, 2017](#)

On February 11, 2020, the ARMC approved the 202 Audit, Risk and Compliance Flexible Work Plan, which included work to develop a Corporate Compliance Program.

[Audit, Risk and Compliance Report: Flexible Work Plan \(2020\)](#)

At its meeting on September 24, 2020, the ARMC received a presentation on the proposed Executive Compliance Certification program.

[Presentation: Executive Compliance Certification](#)

On December 2, 2021, ARC submitted the first 2021 ECC – CEO Submission to the ARMC summarizing the results of Year 1 related activities.

[Executive Compliance Certificates – CEO Submission \(2021\)](#)

## **Issue Background**

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Prior to the development of the ECC, the TTC did not have a formal corporate-wide process to confirm and document compliance to legislative requirements. In collaboration with the Legal Department, ARC developed an Executive Compliance Certificate to strengthen the TTC's level of due diligence for legislative compliance and assist the CEO and the ARMC with monitoring compliance matters.

## **Comments**

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Partnering with Legal, ARC conducted an applicability scoring exercise with Executive Team members to support continued legal compliance education and Year 2 sign-off of the Executive Compliance Certificates (ECCs). Extensive work was also initiated by ARC to address matters reported by Executives on their Year 1 certificates, culminating in the identification of compliance management improvement opportunities.

## **Statute and By-Law Applicability Ratings**

Feedback expressed in 2021 from Executive Team members on the inaugural ECC sign-off process was that future legal education sessions should be informed by those statutes and by-laws most applicable to their everyday activities and/or the achievement of their corporate objectives, and tailored to the extent possible. In response, ARC developed the ECC Statute and By-law Rating Form. The form asked Executives to score (from one to 10) the applicability of the 15 statutes and By-laws to their business.

As part of review meetings, feedback was received from each Executive on areas where their staff would benefit from targeted education. For example, the City of Toronto Municipal Code, Chapter 192 – Public Service was ranked by all Executives as being one of the top three statutes and By-laws for which greater understanding of the roles, responsibilities, requirements and standards for conduct under the By-law was highlighted. The ratings and discussion outcomes were used by Legal to design its 2021-2022 legal education strategy.

Further, in regards to the City of Toronto Municipal Code, Chapter 192 – Public Service, the Legal Department is currently undertaking a third-party review of all TTC investigation processes, including wrongdoing reporting, so as to further strengthen compliance with the By-law and adopt best practices in the area of Board reporting and fraud investigations.

### **2021-2022 Legal Education**

On December 2, 2022, an Ethics Training Program was delivered to the TTC Executive Team. The program involved training sessions from external consultants, academics and staff from the TTC's Legal team. A related ethics seminar was also conducted for the Safety and Environment Department's Safety Operations section. On December 21, 2022, a communication to Leadership titled, "City of Toronto Public Service By-law – responsibilities of TTC employees" was issued by Human Resources to reinforce the rules on conflicts of interest – specifically, how to respond to supplier gift offers so as to avoid real or perceived conflicts of interest.

Additional legal education sessions on various topics were conducted as requested by Executives for their staff in order to promote direct and interactive communications between TTC Legal and the business units.

### **Reported Compliance Matters: Management Action Plan Consultations**

In 2022, ARC consulted with Executives on each of the 10 matters reported in 2021. Specifically, extensive interviews were conducted, followed by completion of work to identify opportunities for procedural and process improvement, and final discussion with accountable Executives to document agreed upon Management Action Plans (MAPs) for each of the matters. Implementation of ECC action items will be monitored in conjunction with other ARC project outcomes.

### **The 2021-2022 Executive Compliance Certificate**

The Year Two Executive Compliance Certificate covers the period from October 1, 2021 to December 31, 2022. All Executives are required to submit their completed Certificates, and by signing the Certificate, the TTC Executives acknowledge that for the statutes and By-laws listed on the ECC, they and their direct reports are:

1. Subject to and required to comply with the legislative requirements;
2. Exercising due diligence to meet the obligations by ensuring that appropriate policies, procedures and processes are in place to govern compliance and report non-compliance issues;
3. Reporting non-compliance matters not already reported through an existing policy, procedure or process, if any; or any areas where they feel there is an opportunity for continuous improvement in the policies, procedures and processes that govern compliance; and

4. Providing action plan details for any items identified in item #3 (above).

### **Assessment of Reported Policy, Procedure and Process Matters**

ARC will consult with applicable Executives on any new matters reported through the 2021-2022 ECC; and taking into account ARC's 2023 Work Plan, the need for additional assurance or advisory work to ensure adequate policies, procedures and processes are in place to achieve compliance or support continuous improvement opportunities will be identified. The results of ARC's independent work and assessment of reported matters will ultimately provide TTC Executives with additional input and source of reliance for future Certificates.

### **Conclusion**

The Executive Compliance Certificate and submission of formal compliance assertions by TTC Executives to the CEO and ARMC has played a key role in reinforcing a compliance-oriented culture at the TTC. The Certificate and its related activities (legal education and communications, compliance matter assessment, gap analysis, MAP development and follow-up monitoring etc.), raises awareness of compliance issues, promotes compliance-related discussions and has led to a more proactive approach in identifying potential legal risk and related issues requiring further mitigation.

### **Contact**

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### **Signature**

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Richard J. Leary  
Chief Executive Officer

### **Attachments**

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Attachment 1 – Executive Compliance Certificate – Legislation

**Executive Compliance Certificate – Legislation  
(For the period October 1, 2021 – December 31, 2022)**

The purpose of the Executive Compliance Certificate is to support the Audit and Risk Management Committee (ARMC) in fulfilling its oversight responsibilities and to provide the Chief Executive Officer and ARMC a formal mechanism for reporting Executive compliance assertions. 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.

1. I acknowledge that my direct reports and I are subject to and required to comply with the legislative requirements as set out in the statutes and by-laws noted below.

2. To the best of my knowledge, and on behalf of my direct reports, I exercise due diligence to meet the obligations set out in the statutes and by-laws noted below by ensuring that appropriate policies, procedures and processes are in place to govern compliance and report non-compliance issues.

- Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11
- City of Toronto Act, 2006, S.O. 2006, c. 11, Schedule 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, Schedule A

3. To the best of my knowledge, and on behalf of my direct reports, below are the following:

a) Non-compliance matters not already reported through an existing policy, procedure or process, if any; or

b) Any areas that I feel there is an opportunity for continuous improvement in the policies, procedures and processes that govern compliance.

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4. For items identified in 3 above, please provide action plan details.

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Executive Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_