

(416) 392-8018

October 19, 2004

To: Audit Committee
From: Secretary, Board of Management of the Toronto Zoo
Subject: Cash Controls Follow-Up Review - Toronto Zoo

Recommendation:

The Board of Management of the Toronto Zoo adopted the report from the Auditor General; received the report from the Executive Director, Administrative and Site Services; and further directed that a copy of these reports be forwarded to the Audit Committee for information.

Background:

The Board of Management of the Toronto Zoo on October 19, 2004, had before it the attached reports:

- (September 3, 2004) from the Auditor General respecting the follow-up review of revenue controls at the Toronto Zoo; and recommending that:
 - (1) the General Manager and Chief Executive Officer, Toronto Zoo, ensure sales audits are performed periodically. At a minimum, sales audits should be conducted no less than twice per week. Such a process should:
 - (a) ensure differences between sales and bank deposits are properly investigated and addressed;
 - (b) ensure cash deposits recorded by the bank agree with daily sales receipts; and

- (c) ensure the receipt date of sales documents and audit completion dates are documented;
- (2) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that:
 - (a) cash counts on coinage/cash float in vaults and cashiers are reconciled with the general ledger or another independent financial record to ensure cash overages or shortages are detected on a timely basis;
 - (b) staff conduct cash counts on a surprise basis; and
 - (c) staff observing surprise cash counts certify logs as evidence of review;
- (3) the General Manager and Chief Executive Officer, Toronto Zoo, ensure periodic evaluation of the size of cash floats and ensure that cash float values reflect operational needs;
- (4) the General Manager and Chief Executive Officer, Toronto Zoo, ensure action is taken to strengthen internal controls over the revenue collection process by implementing a variable collection schedule;
- (5) the General Manager and Chief Executive Officer, Toronto Zoo, ensure criteria are developed to assign priorities to service calls and computer problems. Priority levels should include timelines in order for high priority calls and problems to be addressed first;
- (6) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that an appropriate method is developed to identify and track deleted adjustments, approve all adjustments, and develop a log of deleted transactions including the reason for the adjustment and evidence of supervisory approval. In addition, the General Manager and Chief Executive Officer, Toronto Zoo, ensure periodic review and monitoring of the adequacy of controls over deleted transactions;
- (7) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that a formal process is developed to remove computer access from terminated employees. The process should include approval by operating managers and/or Human Resources, termination notices sent to system administrators on a timely basis, and periodic reviews of active employees on point of sale systems and the network operating system to ensure that terminated employees have been deleted;
- (8) the General Manager and Chief Executive Officer, Toronto Zoo, ensure computer system IDs and passwords are not easily determined, use different identification codes and passwords, and passwords are changed on a periodic basis;

- (9) the General Manager and Chief Executive Officer, Toronto Zoo, review the feasibility of transferring the price implementation and change process to an organizational unit, independent of cash collection and inventory management and ensure that adequate documentation is kept for all price approvals and changes;
 - (10) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that periodic review of price approval and change documentation is performed, as well as testing of sales transactions on a sample basis to determine they agree with authorized prices;
 - (11) the General Manager and Chief Executive Officer, Toronto Zoo, take the necessary steps to ensure the review of the adequacy of cash control practices in their respective areas on a periodic basis and take prompt corrective action as required. The review should include the status and results of sales audits performed by the Financial Services Branch, as well as a review of computer access controls; and
 - (12) this report be forwarded to the Audit Committee for information purposes; and
- (October 8, 2004) from the Executive Director, Administrative and Site Services responding to the Auditor General's report on the Cash Controls Follow-Up Review; and recommending that this report be received and forwarded to the City Audit Committee for information.

Secretary

R. Dyers/tl
Item-5

Sent to: General Manager and CEO
Audit Committee

September 3, 2004

To: Board of Management Toronto Zoo
From: Auditor General
Subject: Cash Controls Follow-up Review – Toronto Zoo

Purpose:

The Auditor General's 2004 Audit Work Plan included a follow-up review of revenue controls at the Toronto Zoo. The purpose of this review was to determine whether recommendations made in the January 15, 2001 report to the Board of Management of the Toronto Zoo, entitled "Toronto Zoo – Cash Control Procedures Review" had been implemented and, if appropriate, to recommend further action to improve cash controls.

Financial Implications and Impact Statement:

This follow-up report results in no direct financial implications, however, implementation of recommendations made in the report will reduce the risk of revenue losses and lead to improvements in the safeguarding of Zoo assets.

Recommendations:

It is recommended that:

- (1) the General Manager and Chief Executive Officer, Toronto Zoo, ensure sales audits are performed periodically. At a minimum, sales audits should be conducted no less than twice per week. Such a process should:
 - (a) ensure differences between sales and bank deposits are properly investigated and addressed;
 - (b) ensure cash deposits recorded by the bank agree with daily sales receipts; and
 - (c) ensure the receipt date of sales documents and audit completion dates are documented;
- (2) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that:

- (a) cash counts on coinage/cash float in vaults and cashiers are reconciled with the general ledger or another independent financial record to ensure cash overages or shortages are detected on a timely basis;
 - (b) staff conduct cash counts on a surprise basis; and
 - (c) staff observing surprise cash counts certify logs as evidence of review;
- (3) the General Manager and Chief Executive Officer, Toronto Zoo, ensure periodic evaluation of the size of cash floats and ensure that cash float values reflect operational needs;
 - (4) the General Manager and Chief Executive Officer, Toronto Zoo, ensure action is taken to strengthen internal controls over the revenue collection process by implementing a variable collection schedule;
 - (5) the General Manager and Chief Executive Officer, Toronto Zoo, ensure criteria are developed to assign priorities to service calls and computer problems. Priority levels should include timelines in order for high priority calls and problems to be addressed first;
 - (6) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that an appropriate method is developed to identify and track deleted adjustments, approve all adjustments, and develop a log of deleted transactions including the reason for the adjustment and evidence of supervisory approval. In addition, the General Manager and Chief Executive Officer, Toronto Zoo, ensure periodic review and monitoring of the adequacy of controls over deleted transactions;
 - (7) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that a formal process is developed to remove computer access from terminated employees. The process should include approval by operating managers and/or Human Resources, termination notices sent to system administrators on a timely basis, and periodic reviews of active employees on point of sale systems and the network operating system to ensure that terminated employees have been deleted;
 - (8) the General Manager and Chief Executive Officer, Toronto Zoo, ensure computer system IDs and passwords are not easily determined, use different identification codes and passwords, and passwords are changed on a periodic basis;
 - (9) the General Manager and Chief Executive Officer, Toronto Zoo, review the feasibility of transferring the price implementation and change process to an organizational unit, independent of cash collection and inventory management and ensure that adequate documentation is kept for all price approvals and changes;

- (10) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that periodic review of price approval and change documentation is performed, as well as testing of sales transactions on a sample basis to determine they agree with authorized prices;
- (11) the General Manager and Chief Executive Officer, Toronto Zoo, take the necessary steps to ensure the review of the adequacy of cash control practices in their respective areas on a periodic basis and take prompt corrective action as required. The review should include the status and results of sales audits performed by the Financial Services Branch, as well as a review of computer access controls; and
- (12) this report be forwarded to the Audit Committee for information purposes.

Background:

The Auditor General's report to the Board of Management of the Toronto Zoo, dated January 15, 2001, entitled "Cash Controls Procedures Review" was presented to the Audit Committee on February 16, 2001. The purpose of this report was to report on the review of the cash handling and related financial procedures at the Toronto Zoo as requested by the General Manager and Chief Executive Officer of the Toronto Zoo.

In general, our review found that cash control procedures at the Toronto Zoo were adequate. However, there were opportunities to further strengthen controls to reduce the risk of cash losses and enhance the safety of the Toronto Zoo staff. The Toronto Zoo staff concurred with the audit recommendations and agreed to take corrective action.

The objective and scope of this review was to conduct fieldwork and tests deemed appropriate to verify that steps taken to implement previous recommendations were adequate to ensure proper controls are in place. Our review included:

- conducting interviews with appropriate staff;
- observing and testing on-site cash collection activities at various points of sale; and
- reviewing appropriate documentation.

Comments:

The Auditor General's report dated January 15, 2001, entitled "Cash Controls Procedures Review", included 16 recommendations related to four key areas as follows:

1. Physical Protection of Assets
2. Role of Organizational Units
3. Operational Control
4. Parking Revenue

Of the 16 recommendations resulting from our “Cash Controls Procedures Review, 4 recommendations have been partially implemented and 12 recommendations have been fully implemented. The implementation status of recommendations made in the original report and management’s response is included in Appendix A: Audit Recommendation Status Report – Cash Control Practices of the Toronto Zoo – January 2001.

Based on the results of our follow-up review, this report provides additional recommendations for improvement in strengthening internal controls, including the following additional issues, which came to our attention as a result of this follow-up review.

Sales Audits

In order to ensure the completeness and accuracy of all cash and credit card sales, the Financial Services Branch at the Toronto Zoo reconciles all cash deposits to supporting documentation. Our review found that sales audits are not performed on a timely basis with delays from two weeks to two months. Consequently, errors are not detected and corrected on a timely basis. We also noted the following additional issues related to sales audits:

- differences between recorded sales and cash deposits (overages and shortages) are carried forward and not reconciled;
- individual store sales are not reconciled with cash receipts;
- bank deposits are not agreed to daily sales receipts on a timely basis; and
- inefficiencies in the accounting system (manual processes, multiple point of sales systems and the lack of an integrated accounting system) have contributed to both errors and delays in the conduct of sales audits.

The Financial Services Branch maintains a log of sales audits completed for both the Member and Guest Services Branch and the Retail and Rides Branch. Sales document receipt dates and sales audit dates are not recorded for the Retail and Rides Branch making it difficult to monitor the timeliness of sales audits.

Recommendation:

1. The General Manager and Chief Executive Officer, Toronto Zoo, ensure sales audits are performed periodically. At a minimum, sales audits should be conducted no less than twice per week. Such a process should:
 - (a) ensure differences between sales and bank deposits are properly investigated and addressed;
 - (b) ensure cash deposits recorded by the bank agree with daily sales receipts; and

- (c) ensure the receipt date of sales documents and audit completion dates are documented.

Surprise Cash Counts

The Toronto Zoo management conducts two types of surprise cash counts:

- coinage/cash float in vaults; and
- cashiers.

Our review noted that a physical count of the coinage/cash float in vaults is conducted on a regular basis. However, cash is reconciled to the opening and closing balances provided by staff of Member and Guest Services (the cash float custodians) and not reconciled to an independent source of financial information, making cash losses difficult to detect.

In accordance with management procedures, surprise cash counts of cashier floats are performed. However, we were advised that cashiers in the Retail and Rides Branch are routinely notified in advance of the surprise cash counts. The element of surprise is critical to the effectiveness of cash counts in detecting deliberate concealment of cash shortages. Also, staff from the Financial Services Branch also observe these surprise cash counts on a random basis, but do not certify cash count log sheets as evidence of their review.

Recommendation:

2. The General Manager and Chief Executive Officer, Toronto Zoo, ensure that:
 - (a) cash counts on coinage/cash float in vaults and cashiers are reconciled with the general ledger or another independent financial record to ensure cash overages or shortages are detected on a timely basis;
 - (b) staff conduct cash counts on a surprise basis; and
 - (c) staff observing surprise cash counts certify logs as evidence of review.

Cash Floats

A reserve amount of cash is maintained by cashiers in order to provide appropriate change to customers. This amount is known as a “cash float”. The value of cash floats fluctuate seasonally depending on attendance, services and rides available.

In total, the Toronto Zoo has 54 individual cashiers with a total cash float of \$28,200. Forty cash floats are in the amount of \$600 each and the 14 remaining cash floats range in the amount of \$100 to \$350. Cash floats in the Membership and Guest Services Branch remain at the same levels to maintain adequate coinage levels. The Retail and Rides Branch plan to further review the need for 23 cash floats each in the amount of \$600. Significant time is spent by cashiers counting cash floats during opening and closing procedures and spot audits.

Recommendation:

3. The General Manager and Chief Executive Officer, Toronto Zoo, ensure periodic evaluation of the size of cash floats and ensure that cash float values reflect operational needs.

Revenue Collection

The collection schedule for bank deposits operates on a fixed timetable which is increased during the summer months due to higher attendance levels resulting in increased revenue.

Recommendation:

4. The General Manager and Chief Executive Officer, Toronto Zoo, ensure action is taken to strengthen internal controls over the revenue collection process by implementing a variable collection schedule.

Service Calls, Problem Management and Corrective Action

A formal process has been implemented to record and track service calls and resolve computer problems related to the Toronto Zoo. However, service calls are logged by date received and not prioritized. Thus, high priority calls and problems may not be addressed as timely as required.

Data input errors require Member and Guest Services staff to contact the computer vendor by e-mail to adjust or delete transactions from the point of sale computer system. We were advised that these adjustments are first discussed with Member and Guest Services staff. However, there is no evidence that such adjustments were authorized. Consequently, this practice could result in the processing of unauthorized and potentially fraudulent adjustments.

Recommendations:

5. The General Manager and Chief Executive Officer, Toronto Zoo, ensure criteria are developed to assign priorities to service calls and computer problems. Priority levels should include timelines in order for high priority calls and problems to be addressed first.
6. The General Manager and Chief Executive Officer, Toronto Zoo, ensure that an appropriate method is developed to identify and track deleted adjustments, approve all adjustments, and develop a log of deleted transactions including the reason for the adjustment and evidence of supervisory approval. In addition, the General Manager and Chief Executive Officer, Toronto Zoo, ensure periodic review and monitoring of the adequacy of controls over deleted transactions.

Computer Access Controls

The Toronto Zoo has two point of sale systems, the ADMITS Point of Sale System used for Member and Guest Services, and the VIGILANT Point of Sale System used for Retail and Rides. In general, temporary and seasonal cashiers enter sales through these two point of sale systems.

In accordance with our recommendation in the 2001 report, individuals no longer employed by the Toronto Zoo and who do not require access to the system, are removed from point of sale systems and the network operating system. We were advised that staff identify terminated employees by visually scanning active computer system users. This method is subject to error and omission. A more formal process is required to ensure that terminated employees are deleted from the system.

When logging into the network, both point of sale systems use generic user IDs which are rarely, if ever, changed. In addition, IDs and passwords are often similar. This is not generally accepted business practice associated with passwords. Changing passwords on a periodic basis is particularly important because the Toronto Zoo has a high seasonal staff turnover and former employees could gain unauthorized access to systems.

The two point of sale systems allow those with system administrative access to use all functions of the system, including the ability to update prices and discounts. We also noticed that supervisors performing system administration functions also enter and manage price changes and have access to cash and inventory. There are no compensating controls in place to monitor price changes and accuracy.

Recommendations:

7. The General Manager and Chief Executive Officer, Toronto Zoo, ensure that a formal process is developed to remove computer access from terminated employees. The process should include approval by operating managers and/or Human Resources, termination notices sent to system administrators on a timely basis, and periodic reviews of active employees on point of sale systems and the network operating system to ensure that terminated employees have been deleted.
8. The General Manager and Chief Executive Officer, Toronto Zoo, ensure computer system IDs and passwords are not easily determined, use different identification codes and passwords, and passwords are changed on a periodic basis.
9. The General Manager and Chief Executive Officer, Toronto Zoo, review the feasibility of transferring the price implementation and change process to an organizational unit, independent of cash collection and inventory management and ensure that adequate documentation is kept for all price approvals and changes.
10. The General Manager and Chief Executive Officer, Toronto Zoo, ensure that periodic review of price approval and change documentation is performed, as well as testing of sales transactions on a sample basis to determine they agree with authorized prices.

Evaluation and Monitoring of Cash Controls

Although certain monitoring and control procedures have been implemented, our review indicated that controls still require improvement. An internal overall assessment by management of the effectiveness of cash control practices followed was not conducted. Such a process would have allowed corrective action to be taken on a timely basis. A large seasonal workforce and increased cash levels during the summer months increases the risk of loss. Therefore, it is particularly essential that management monitor closely how well control procedures are operating during this time.

The responsibility for cash controls rests with two operational areas within the Toronto Zoo, Administrative and Site Services, and Marketing and Communications. Thus, monitoring of cash control practices will require joint action and coordination between these two units. In addition, the monitoring of cash controls will require the Financial Services Branch to assume a central role in identifying and correcting control weaknesses.

Recommendation:

11. The General Manager and Chief Executive Officer, Toronto Zoo, take the necessary steps to ensure the review of the adequacy of cash control practices in their respective areas on a periodic basis and take prompt corrective action as required. The review should include the status and results of sales audits performed by the Financial Services Branch, as well as a review of computer access controls.

Conclusions:

Although certain monitoring and control procedures have been implemented, our review indicates that certain other controls still require strengthening. The Toronto Zoo require effective monitoring of cash controls to ensure that prompt action is taken to correct control weaknesses. Improving cash control practices and implementing several of the additional recommendations provided in this follow-up report will require joint action and coordination between several branches. The General Manager and Chief Executive Officer, should ensure that the Financial Services Branch assumes a lead role in monitoring cash controls throughout the Toronto Zoo operations.

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Toronto Zoo
STAFF REPORT

Jeffrey Griffiths
Auditor General

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List of Attachments:

Appendix A: Auditor General's Office – Audit Recommendation Status Report – Cash Control Practices of the Toronto Zoo – January 2001, as at June 30, 2004

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Auditor General's Office
 Audit Recommendation Status Report
 Cash Control Practices of the Toronto Zoo – January 2001
 as at June 30, 2004

#	Recommendations 2001 Report	Response / Comments Toronto Zoo Management	Status Audit Comments
1	The Executive Director, Administrative and Site Services, identify the necessary changes and associated costs to further enhance the physical security of the cash operations.	Extensive renovations created a separate secure (windowless) cash area with access controls, improved alarms, video security and procedures.	Implemented
2	The Executive Director, Marketing and Communications, relocate the cash vault currently maintained by the Retail and Rides Branch to the cash office and reassign responsibility for maintaining the coinage and cash floats to staff responsible for the cash office.	The retail safe was moved in April of 2001 to the Cash Counting Office and cash deposits are now processed through the Guest Services staff.	Implemented

#	Recommendations 2001 Report	Response / Comments Toronto Zoo Management	Status Audit Comments
3	<p>The Financial Services Branch take a more pro-active role in establishing and monitoring the consistent use of an appropriate level of cash controls and ensure the effective use of accounting systems and financial policies commensurate with the risk of potential loss to the Toronto Zoo. The General Manager and CEO should reinforce, to the other organizational units, the responsibilities of the Financial Services Branch in this regard.</p>	<p>The Financial Services Branch regularly performs cash audits for memberships, admissions, parking, rides and retail sales. These monthly procedures ensure that cash are properly handled and recorded to minimize the risk of potential loss to the Toronto Zoo. In 2003, online banking was put in place to further monitor and manage cash transactions.</p> <p>The Enterprise Resource Planning computer study project's mandate is to review the Zoo's current system requirements and evaluate and propose a preferred software solution. The preferred software solution will be integrated to ensure an automated and secure flow of revenue transactions from the admissions and retail systems into the financial system. The preferred solution must also provide a robust audit trail of all transactions within the system that includes a transaction date and time stamp, transaction details and the user ID that created the transaction.</p>	<p>Partially Implemented.</p> <p>Requires improvement:</p> <p>More timely completion of cash audits</p>
4	<p>The Manager, Financial Services or his designate, along with a senior staff member of Member and Guest Services as a witness, perform random cash counts on the coinage and float vaults at a minimum of two per month during the peak season and one per month in the off season. A log of such counts, including problems noted and corrective action taken, should be maintained as a management trail over this activity.</p>	<p>In compliance with the recommendation, random cash counts are performed minimum of two per month during the peak season and one per month in the off season. A logbook to evidence random cash counts on the coinage and float vaults is kept on file.</p>	<p>Implemented</p> <p>Further recommendation: Cash counts are conducted but should also be reconciled with the general ledger.</p>

#	Recommendations 2001 Report	Response / Comments Toronto Zoo Management	Status Audit Comments
5	<p>The Manager, Financial Services, or his designate periodically review the evidence of surprise counts conducted on cashiers and if required, remind operational management of the need to perform such “spot” audits.</p>	<p>Surprise cashier audits are routinely done by Retail and Rides supervisory staff and all paperwork is maintained by the Branch in both a cash audit binder and in the individual staff files.</p> <p>Surprise counts are routinely conducted on all cashiers by Seasonal Supervisor and/or Supervisor, Member and Guest Services Branch. The spot audit documentations are subsequently reviewed by Supervisor, Member and Guest Services or Manager, Member and Guest Services.</p> <p>The Manager of Financial Services or his designate, reviews the evidence of the Retail and Rides and Guest Services counts. To further enhance the control on cash, effective July 2004, randomly selected spot audits will be observed by the Financial Services Branch.</p>	<p>Partially implemented.</p> <p>Requires improvement in conducting cash counts.</p> <p>Cash counts in the Retail and Rides Branch are prearranged rather than conducted on a surprise basis.</p>
6	<p>The Executive Director, Marketing and Communications implement a program of expanded revenue collection for Toronto Zoo operation receipts on a daily basis during July and August to reduce the amount of cash secured on the premises and limit the potential loss through theft.</p>	<p>The frequency of revenue collection during peak period increased in 2001. Daily revenue collection, as recommended, was not instituted due to financial restrictions.</p> <p>The risk of theft, however, has been reduced by implementing the procedure of only revenue collection personnel holding the key to open the safe combination dial, such combination being held by a Zoo authorized staff only.</p>	<p>Implemented</p> <p>Further recommendation:</p> <p>The risk of theft could be reduced with a less predictable revenue collection schedule.</p>

Cash Controls Follow-up Review

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#	Recommendations 2001 Report	Response / Comments Toronto Zoo Management	Status Audit Comments
7	The Manager, Retail and Rides Branch, institute the practice of having each cashier assigned to his/her own cash register drawer.	All Retail and Rides staff are assigned their own cash floats and are directed not to allow any other staff to use their floats.	Implemented
8	The Manager, Retail and Rides Branch, restrict the possession of the cash drawer keys to senior staff members and not the cashiers.	Cash drawer keys are not given to staff, however, due to problems with our existing software two stores are not able to open their drawers without a cash drawer key. This should be rectified with the new Enterprise solution.	Implemented to the extent possible at this time.
9	The Manager, Retail and Rides Branch, instruct cashiers to mark all coupons with the date and terminal IDs and to submit all coupons processed, at the end of each shift.	This policy was implemented and continues to be done.	Implemented
10	The Manager, Retail and Rides Branch, develop policies and procedures for this operation. The cash handling procedures of the Member and Guest Services Branch can be used as a template in this regard and should be amended to reflect the different nature and transactions of the operations.	The Retail and Rides Supervisor has written policies and procedures for the area.	Implemented

#	Recommendations 2001 Report	Response / Comments Toronto Zoo Management	Status Audit Comments
11	<p>The Manager, Computer Services, adopt a more formal approach to track required changes and problem resolution. This approach should include a clear definition of the nature of the problem, a priority assignment, date of resolution, and sign off by the user as acceptance of the resolution.</p>	<p>The Guest Services Unit has instituted a procedure of logging all support/service calls made to our contracted service maintenance contacts for Admits software. A logbook of all e-mail communications identifying in detail the nature of service call and subsequent responses and/or resolutions are maintained within the Branch.</p> <p>A helpdesk system (Ambercat Helpdesk) was implemented by the Computer Services Branch in 2002 to track all problem and change requests. In addition to the tracking system any major changes require approval from the requesting department prior to implementation.</p>	<p>Partially implemented. Requires improvement in priority setting.</p>
12	<p>The Manager, Financial Services, arrange an information exchange session with staff from the Member and Guest Services Branch to clarify their reporting needs, gain an understanding of all reports currently available and determine what additional reports, if any, are necessary.</p>	<p>Meetings were held between Zoo staff and contracted service maintenance contacts for Admits to ensure full delivery of all reporting requirements. Subsequently, a booklet/manual of all pre-defined reports has been obtained for review and use by both Financial Services and Member and Guest Services. As well, a reporting software, Crystal Reports, has been obtained to deliver all reporting requirements not readily available from Admits.</p>	<p>Implemented</p>

#	Recommendations 2001 Report	Response / Comments Toronto Zoo Management	Status Audit Comments
13	<p>The Manager, Member and Guest Services Branch, remove from the system, individuals who are no longer employed by the Zoo and/or do not require access to the Admits system. The use of generic IDs should also be limited.</p>	<p>All staff employed by the Member and Guest Services Branch require access to the Admits POS to carry out their day-to-day work activities. Upon termination of employment at the Zoo, staff access to the system is removed for security purposes.</p> <p>Use of generic ID is limited on cashier's log on in the system only. For Admits access, each cashier has his/her own individual login and password.</p> <p>Computer Services performs quarterly audits of the Unix, Novell and Windows servers to ensure only currently employed users are active on the system.</p>	<p>Implemented.</p> <p>Further recommendation: Requires further improvement in computer access controls.</p>
14	<p>The Manager, Computer Services request the supplier to "mask" the password portion of the screen.</p>	<p>The Vigilant POS system was modified to mask the passwords.</p>	<p>Implemented</p>
15	<p>The Executive Director, Marketing and Communications, investigate the possibility of incorporating the use of a gate system for the main parking lot to interact with the Admit POS system (i.e., the gate is released at the time the receipt is printed by the system).</p>	<p>A report has been approved in principal to automate the Main Lot parking system. The proposed new system will move from the pay-on-entry practice to payment of parking fee at the admission booth. Guests will then be provided with an exit strip card. To exit the lot, guests will be required to feed in the strip card to a card reader to prompt exit gate bar to rise, thus accommodating guests to leave main parking lot.</p>	<p>In process. Implementation planned in 2005.</p>

#	Recommendations 2001 Report	Response / Comments Toronto Zoo Management	Status Audit Comments
16	<p>The Executive Director, Administrative and Site Services, implement cameras to monitor activity at the entrance to the main parking lot.</p>	<p>Two additional CCTV cameras were installed in 2002. Security and Safety conducts random checks of guest vehicles for receipts as well as the mystery visitor program.</p> <p>Recording of all CCTV cameras on site was subsequently enhanced by the installation of a digital video recorder.</p> <p>We are currently undergoing a project to increase signal clarity providing a clearer recorded image. Older telephone lines have continued to degrade resulting in weaker signals. This project will involve transferring existing camera communication from the front entrance area of the Toronto Zoo to optical fibre.</p>	Implemented

To: Board of Management
Toronto Zoo

From: Robin D. Hale
Executive Director
Administrative & Site Services

Subject: **CASH CONTROLS FOLLOW-UP REVIEW –
RESPONSE TO RECOMMENDATIONS**

Date: 2004-10-08

Purpose:

To respond to the Auditor General's report on the Cash Controls Follow-up Review.

Recommendation:

It is recommended that this report be received and forwarded to the City Audit Committee for information.

Background:

In May, 2000, Zoo staff requested the Audit Department to assist in undertaking a Review of Cash Control Procedures at the Toronto Zoo. A report by the Auditors was submitted to the Board of Management in on 2001-01-15. A series of recommendations were acted upon to strengthen controls and improve revenue handling.

In July, 2004, the Auditor General undertook a follow-up review of the status of the recommendations in the earlier Review of Cash Control Procedures. The detailed results of this review are appended to the Auditor General's Report dated 2004-09-03.

As part of the review the Auditors recommended further action to improve cash controls at this time.

Comments/Discussion:

The following are management's responses to the specific recommendations in the Auditor General's Report.

Recommendation:

1. *The General Manager and Chief Executive Officer, Toronto Zoo, ensure sales audits are performed periodically. At a minimum, sales audits should be conducted no less than twice per week. Such a process should:*
- (a) ensure differences between sales and bank deposits are properly investigated and addressed;*
 - (b) ensure cash deposits recorded by the bank agree with daily sales receipts;*
 - (c) ensure the receipt date of sales documents and audit completion dates are documented.*

Response:

- (a) We agree with the recommendation that periodic sales audits be conducted no less than twice per week and will implement the following procedure for the current environment. The on-line banking utility will be used by the Financial Services Branch to check the total of the deposits to the sales information recorded by Guest Services. We will endeavour to conduct periodic audits twice weekly for sales within two weeks of the date of sale to allow for checking and verification of the deposit information by Guest Services and the transfer of the related paperwork to the Financial Services Branch. The investigation of differences would commence immediately following the audit. Upon implementation of the new Enterprise Resource Planning (ERP) system at the Toronto Zoo, it is our expectation that the timeframe for the periodic audits would be compressed to within three days from the actual sales date.
- (b) We concur, this would be covered in conjunction with the process outlined in our response to Recommendation 1(a) by the use of the on-line banking process outlined upon transfer of the deposit information from Guest Services to Financial Services.
- (c) As is currently the case, daily sales batch documents are dated when received; we agree that the audit completion dates should be noted in future.

Recommendation:

2. *The General Manager and Chief Executive Officer, Toronto Zoo, ensure that:*
- (a) cash counts on coinage/cash float in vaults and cashiers are reconciled with the general ledger or another independent financial record to ensure cash overages or shortages are detected on a timely basis;*
 - (b) staff conduct cash counts on a surprise basis; and*
 - (c) staff observing surprise cash counts certify logs as evidence of review.*

Response:

- (a) We agree. Additional procedures will be implemented to ensure that this information is reconciled to the general ledger or another independent financial record on a timely basis.

- (b) We agree that staff should conduct cash counts on a surprise basis and have modified the Retail & Rides audit process to match Guest Services and ensure that there is no advance notification to the cashier.
- (c) We concur with this recommendation, staff observing surprise cash counts now sign and date the cash count sheets completed during the count and certify logs as evidence of review.

Recommendation:

3. *The General Manager and Chief Executive Officer, Toronto Zoo, ensure periodic evaluation of the size of cash floats and ensure that cash float values reflect operational needs.*

Response:

We agree. The value of cash floats fluctuates seasonally depending on attendance levels, services and rides requirements. The balance is routinely assessed and adjusted based on operational needs. The number of tills prepared is dictated by the number of cashiers scheduled to work during a specified period. Also, we feel that the current float level for each till is appropriate. The comment made regarding significant time spent by cashiers counting cash floats during opening and closing is considerably outweighed by the frequency of change requirements that will have to be done due to reduced float level.

Recommendation:

4. *The General Manager and Chief Executive Officer, Toronto Zoo, ensure action is taken to strengthen internal controls over the revenue collection process by implementing a variable collection schedule.*

Response:

We acknowledge the risk, however there are valid operational reasons for our current scheduling process and compensating controls are in place to minimize the risk.

Recommendation:

5. *The General Manager and Chief Executive Officer, Toronto Zoo, ensure criteria are developed to assign priorities to service calls and computer problems. Priority levels should include timelines in order for high priority calls and problems to be addressed first.*

Response:

We agree, Computer Services will use the priority feature of the helpdesk system to track problem or change request severity levels.

Recommendation:

6. *The General Manager and Chief Executive Officer, Toronto Zoo, ensure that an appropriate method is developed to identify and track deleted adjustments, approve all adjustments, and develop a log of deleted transactions including the reason for the adjustment and evidence of supervisory approval. In addition, the General Manager and Chief Executive Officer, Toronto Zoo, ensure periodic review and monitoring of the adequacy of controls over deleted transactions.*

Response:

We agree, however, this recommendation is difficult to implement through our current computer system. As we are in the process of implementing an ERP system, this will be incorporated into the new Point Of Sale (POS) module.

Recommendation:

7. *The General Manager and Chief Executive Officer, Toronto Zoo, ensure that a formal process is developed to remove computer access from terminated employees. The process should include approval by operating managers and/or Human Resources, termination notices sent to system administrators on a timely basis, and periodic reviews of active employees on point of sale systems and the network operating system to ensure that terminated employees have been deleted.*

Response:

We agree, Human Resources will notify Computer Services immediately of terminations and will provide a report on terminated employees monthly to be used to audit the active user ID's.

Recommendation:

8. *The General Manager and Chief Executive Officer, Toronto Zoo, ensure computer system IDs and passwords are not easily determined, use different identification codes and passwords, and passwords are changed on a periodic basis.*

Response:

We agree, Point Of Sale generic user ID passwords will be changed at the end of each season. The new ERP system will address strong application level passwords for Retail & Admissions POS.

Recommendation:

9. *The General Manager and Chief Executive Officer, Toronto Zoo, review the feasibility of transferring the price implementation and change process to an organizational unit, independent of cash collection and inventory management and ensure that adequate documentation is kept for all price approvals and changes.*

Response:

We acknowledge the risk, but for operational reasons, the setting and changing of prices should remain the responsibility of the Manager for the area to ensure that pricing is based on marketing needs with timely decision-making. However, as a compensating control, the new ERP system will allow for proper documentation of price changes through an exception report that will be reviewed by Financial Services on a periodic basis.

Recommendation:

10. The General Manager and Chief Executive Officer, Toronto Zoo, ensure that periodic review of price approval and change documentation is performed by the Branches and the Finance Branch will test sales transactions on a sample basis to ensure they agree with authorized prices.

Response:

We agree. Based on exception reports produced by the ERP system the documented changes can be tracked by both the user and the time the changes were done. This will provide Financial Services with the ability to test sales transactions on a sample basis.

Recommendation:

11. The General Manager and Chief Executive Officer, Toronto Zoo, take the necessary steps to ensure the review of the adequacy of cash control practices in their respective areas on a periodic basis and take prompt corrective action as required. The review should include the status and results of sales audits performed by the Financial Services Branch, as well as a review of computer access controls.

Response:

We concur with this recommendation. The Administrative & Site Services and Marketing & Communications Divisions will jointly ensure the monitoring of cash control processes between the two Divisions. Additionally, Financial Services will assume a leading role in the regular review of controls to identify weaknesses and recommend corrective action.

Conclusion:

We appreciate the procedural input and advice from the Auditor General's office and are confident that the recommendations to be implemented will assist in strengthening our cash control practices.

Robin D. Hale
Executive Director
Administrative & Site Services

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