



STAFF REPORT INFORMATION ONLY

Results of Follow-up of Previous Audit Recommendations

Date:	May 6, 2008
To:	Board of Directors of the Toronto Parking Authority
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

This report provides the results of the follow-up of audit recommendations that have been implemented since our last follow-up review for reports issued by the City's Auditor General to the Toronto Parking Authority from January 1, 1999 to June 30, 2007.

The result of our follow-up review shows that the four audit recommendations reported as not fully implemented in our last follow-up review remain outstanding. These audit recommendations, as well as management's comments and action plan, are included in Attachment 1 and will be carried forward to our next follow-up review.

FINANCIAL IMPACT

There is no financial impact resulting from the receipt of this report.

ISSUE BACKGROUND

The Auditor General conducts an annual follow-up process to ensure management has taken appropriate action to implement recommendations contained in audit reports.

In accordance with the Auditor General's Work Plan, we have reviewed the status of outstanding audit recommendations, previously made by the City's Auditor General to the Toronto Parking Authority from January 1, 1999 to June 30, 2007.

COMMENTS

The follow-up review process requires that management provide the Auditor General a written response on the status of each recommendation contained in our audit reports. Where management indicated that a recommendation was not implemented, no audit work was performed.

Table 1 shows the results of our current follow-up of audit recommendations for the Toronto Parking Authority.

Table 1:

RESULTS OF THE CURRENT REVIEW

Report Title and Date	Total No. of Recs.	Previously Reported		Results of Current Review		
		Fully Implemented	Not Applicable	Fully Implemented	Not Fully Implemented	Not Applicable
Courtesy Envelopes May 14, 2002	4	2			2	
Toronto Parking Authority – An Assessment of the Adequacy and Effectiveness of Financial and Administrative Controls September, 16, 2002	15	13			2	
Total	19	15	-	-	4	-
Percentage of total recommendations	100%	79%			21%	

A listing of audit recommendations not fully implemented, together with management's comments and action plan, are listed in Attachment 1 and will be carried forward to the next follow-up review.

A consolidated report will be tabled at the July 10, 2008 meeting of the Audit Committee on the results of the current follow-up of audit recommendations relating to the City's Agencies, Boards and Commissions for reports issued by the Auditor General's Office from January 1, 1999 to June 30, 2007. The results of the current follow-up review for the Toronto Parking Authority will be included in that report.

CONTACT

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SIGNATURE



Jeffrey Griffiths, Auditor General

ATTACHMENT

Attachment 1: Toronto Parking Authority – Audit Recommendations – Not Fully Implemented

**TORONTO PARKING AUTHORITY
AUDIT RECOMMENDATIONS – NOT FULLY IMPLEMENTED**

Report Title: Courtesy Envelopes
Report Date: May 14, 2002

Recommendation Not Fully Implemented	Management's Comments and Action Plan/Time Frame
<p>(2) the President of the Toronto Parking Authority, in consultation with the City Auditor, report to the Toronto Parking Authority's Board of Directors and the City's Administration Committee, one year after the implementation of the Modified Parking Enforcement Program, on the results of operating this modified program on unattended lots including the effect on overall revenue and expenses and the impact, if any, on customers and local businesses;</p>	<p>The modified parking enforcement program was implemented between April and June of 2003 at the facilities operated by way of pay and display machines. Statistics on the issuance of courtesy envelopes are included in the monthly usage and revenue reports submitted to the Authority's Board of Directors at their regular monthly meetings. The operation of the program is considered in conjunction with the semi-annual rate review of unattended facilities which is conducted by the Board's Rate Committee. No formal report on the program has been prepared and submitted to either the Board of Directors or the City's Administrative Committee. A formal report is under preparation and will be before the Board of Directors at their July meeting. Following the consideration of this report, the Authority, in consultation with the Auditor General, will report out on the Modified Parking Enforcement Program to the appropriate City Committee in the fall of 2008.</p>
<p>(3) the President of the Toronto Parking Authority review the courtesy envelope delinquent report (as it relates to all TPA lots), commence action on all accounts where amounts owing warrant additional collection efforts, and report to the Toronto Parking Authority Board of Directors by July 31, 2002, on the procedures that will be implemented to avoid any significant outstanding balances from accumulating;</p>	<p>The delinquent report was reviewed. Actions were undertaken on persons having significant delinquent accounts to prevent them from continuing to accumulate charges. The Authority undertook changes to administrative procedures, operational practices and revenue control equipment to prevent the accumulation of significant delinquent charges. The implementation of these procedures, particularly the re-equipping of the attended lots, have reduced the number of delinquent charges at attended facilities by approximately 80% and prevented the creation of large</p>

Recommendation Not Fully Implemented	Management's Comments and Action Plan/Time Frame
	<p>delinquent accounts. The implementation of these processes required an extensive equipment upgrade which is still underway and is expected to be completed in late 2008 or early 2009. TPA follows up by tagging with PIN's or by banning vehicles from lots for non-payment of fees if vehicle shows up again. We are unable to follow-up in other ways as we no longer have access to the MTO plate information. In any event the unpaid CE's were never recorded in TPA accounts as receivable. When we did have access to MTO plate information resultant recoveries from sending a statement was not covering the cost to follow-up. Under current practices we are less "courteous" if someone is receiving CE's. CE's are more expensive then prior to the implementation of the modified rules and PIN's are issued sooner once a vehicle starts receiving CE's.</p>

Report Title: Toronto Parking Authority – An Assessment of the Adequacy and Effectiveness of Financial and Administrative Controls

Report Date: September 16, 2002

Recommendation Not Fully Implemented	Management's Comments and Action Plan/Time Frame
<p>(9) the President of the Toronto Parking Authority, in consultation with the City's Chief Financial Officer and Treasurer determine whether there are any taxable benefits associated with the issuance of the parking passes to staff, Councillors and Board members, and ensure Revenue Canada guidelines and the Income Tax Act are complied with;</p>	<p>TPA provided a copy of a CRA letter concerning our payroll audit. Parking passes were noted but not assessed. CRA recommended that an advance ruling be obtained from CRA. We were advised by our legal counsel that it was inappropriate to seek CRA's view in relation to how to administer a taxable benefit where no employment relationship exists (i.e. between the TPA and City employees). The recommended approach would be for the City to consider if it is in its best interest to seek such advice respecting City Councillors and staff employed by the City. In respect of TPA employees it would also be inappropriate to request a ruling while at the same time objecting to an assessment which relies on a section of the Income Tax Act which the TPA disputes applies to us at</p>

Recommendation Not Fully Implemented	Management's Comments and Action Plan/Time Frame
	all. The President of the TPA will communicate this position to the Deputy City Manager & Chief Financial Officer for comment.
(11) the President of the Toronto Parking Authority report to the City's Administration Committee on the rationale for providing annual complimentary parking passes and on a process for obtaining City approval for those passes issued to City employees and Councillors.	TPA provided passes to City Councillors and staff as a courtesy and aid to conducting business within the city. The TPA contends that the decision to issue these passes is at the discretion of the TPA and Board. The TPA will determine if the authority to issue these passes falls within the current management authority granted by Council and will report accordingly.