

**Management’s Response to the Auditor General’s Review of The
Management of the City’s Divisional Accounts Receivable**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
1.	City Council request the City Manager to review the current management of all City-wide receivables. Such a process should be a part of the ongoing shared service review. The review should include an evaluation of centralizing the collection efforts of all outstanding receivables.	X			<p>The Director, Accounting Services will update accounts receivable policies and procedures and provide recommendations for efficiencies, which may include centralization. This will be completed by December 31, 2012.</p> <p>The City Manager will review accounts receivable services for potential delivery using a shared services approach as part of the overall review of shared services, anticipated to be completed by December 31, 2012.</p>
2.	City Council direct the Treasurer to review and update accounts receivable policies and procedures where appropriate. A directive should also be issued to all staff responsible for the collection of receivables that all such policies and procedures should be complied with.	X			<p>The Director, Accounting Services is leading a team of staff from all 3 clusters, that is reviewing Accounts Receivable policy and procedures. These will be updated prior to December 31, 2012.</p>

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3.	City Council request the Treasurer to review current SAP management reports pertaining to the management of receivables. The reports should contain relevant and current information and include performance management information.	X			The Director, Accounting Services will review SAP reporting functionality and propose standardized reporting, including performance information. This will be completed by December 31, 2012.
4.	City Council request the Treasurer to implement an accounts receivable process that provides for timely management review of collection activity and disposition of accounts receivable. Such process to include appropriate documentation and approval requirements.	X			The Director of Accounting Services will include management review and documentation requirements in the new policy and procedures by December 31, 2012.
5.	City Council request the Treasurer to periodically review inactive customer accounts with small balances where collection efforts have been exhausted and such accounts be written off in accordance with City bylaws.	X			The Director of Accounting Services will review inactive accounts and ensure that the collection and write-off procedures are updated to include ongoing review of inactive accounts, by December 31, 2012.

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6.	City Council request the Treasurer to clarify and document the roles and responsibilities of supervisory staff and accounts receivable staff to ensure due diligence in collection activities. Staff roles and responsibilities should include collection activity, supervisory review and documentation requirements.	X			The Director of Accounting Services will ensure that the roles and responsibilities of staff and documentation requirements are explicitly outlined in procedures to be updated by December 31, 2012.
7.	City Council request the Treasurer to assess the feasibility of using the City SAP Financial System to the fullest extent in tracking actions taken on customer accounts sent to Legal Services and collection agencies.	X			The Director of Accounting Services will review the feasibility of tracking items in the SAP Financial system and ensure that requirements in accounts receivable policies for documentation and tracking of accounts sent to Legal or Collection Agencies are set to ensure this is performed in an efficient and effective manner. This will be completed by December 31, 2012.

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8.	City Council request the Treasurer take steps to ensure the proper separation of duties by limiting access to users of the SAP accounts receivable functions. In addition, user access should be reviewed periodically to ensure only those with a current and regular need are authorized to use the system.	X			The Director, Accounting Services will review of roles and responsibilities for SAP accounts receivable functions, and ensure that proper segregation of duties exists. This will be completed by September 30, 2012.