



## STAFF REPORT INFORMATION ONLY

### Results of Follow-up of Previous Audit Recommendations

<b>Date:</b>	February 5, 2007
<b>To:</b>	Board of Management of the Toronto Zoo
<b>From:</b>	Auditor General
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### SUMMARY

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This report is to provide the Board of Directors of the Toronto Zoo with the results of the follow-up of audit recommendations previously made by the City's Auditor General.

#### FINANCIAL IMPACT

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

#### ISSUE BACKGROUND

The Auditor General's Office has implemented a formalized follow-up process to ensure that 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 audit recommendations previously made by the Auditor General's Office to the Toronto Zoo. This review was conducted in accordance with generally accepted government auditing standards and was designed to provide reasonable assurance that management has adequately implemented audit recommendations.

A report will be tabled at the June 15, 2007 meeting of the Audit Committee on the status of all audit recommendations relating to the City's Agencies, Boards and Commissions issued by the Auditor General's Office between January 1, 1999 and December 31, 2005.

The results of the follow-up of previous audit recommendations for the Toronto Zoo will be included in this report. Similar reporting for the City itself was done in June of 2006

and in the future, follow-up on the status of all outstanding audit recommendations for the City and its Agencies, Boards and Commissions will be conducted and reported annually.

The follow-up audit process required that the Toronto Zoo staff provide the Auditor General with a written response on the status of each one of the recommendations in the reports being followed up. For those recommendations noted as implemented, specific audit work was conducted by staff of the Auditor General's Office in order to ensure that management's assertions were accurate. Where management indicated that a recommendation was not implemented, no follow up work was performed by the Auditor General's Office and the recommendation is included in the Appendix 2 for follow up in the future.

## COMMENTS

The outstanding audit recommendations relate to the following two audit reports issued to the Toronto Zoo by the Auditor General's Office (formerly City Auditor):

Report Title	Date	Fully Implemented	Not Fully Implemented	Not Applicable	Total Recommendations
Review of Animal Transaction Policies, Procedures and Practices Since 1988	May 12, 2000	4	1	1	6
Cash Controls Follow-up Review-Toronto Zoo	September 3, 2004	7	3	1	11
Total		11	4	2	17

A listing of the recommendations fully implemented by the Toronto Zoo is included in Attachment 1. The four recommendations not yet fully implemented, and listed in Attachment 2, will be carried forward to the next follow-up review and relate primarily to changes being effected through the implementation of a new resource planning software system.

For the first recommendation identified as not applicable in Attachment 3, management staff has instituted policies which follow the standards of the Canadian Association of Zoos and Aquariums. Although the recommendation has not technically been implemented, we consider actions taken by management to be adequate and will not follow up this recommendation any further in the future.

The second recommendation on Attachment 3 relates to changing the schedule for the collection of revenues. Management's initial response to this recommendation, as

approved by the Board, indicated that the potential for varying the schedule was reviewed and it was determined that the recommended change would not meet operational needs. Since this explanation has been reported to the Board, we have classified the recommendation as not applicable and it will not be reviewed in future follow ups.

## **CONCLUSIONS**

The Toronto Zoo staff has implemented most of the recommendations made in previous audit reports and expect to fully implement the remaining outstanding recommendations after the next phase of a major software implementation is completed.

## **CONTACT**

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## **SIGNATURE**



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Jeffrey Griffiths, Auditor General

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## **ATTACHMENTS**

Attachment 1: Recommendations - Fully Implemented

Attachment 2: Recommendations - Not Fully Implemented

Attachment 3: Recommendations - Not Applicable

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## ATTACHMENT 1

### Toronto Zoo Recommendations – Fully Implemented

**Report Title:** Review of Animal Transaction Policies, Procedures and Practices Since 1988  
**Report Date:** May 12, 2000

**Recommendation:**

- (1) the policies and procedures relating to the disposition of surplus animals be expanded to include specific steps that must be taken in regard to the disposition of surplus animals. Such policies and procedures to include details which are consistent with the animal disposition policy of the Canadian Association of Zoos and Aquariums and the American Zoo and Aquarium Association;
- (2) policies and procedures relating to the disposition of surplus animals be reviewed on an ongoing basis in order to ensure that they are consistent with current practices of the Canadian Association of Zoos and Aquariums, the American Zoo and Aquarium Association, as well as other major North American zoos. In particular, the pending report from the American Zoo and Aquarium Association in regard to animal dispositions be reviewed and, where appropriate, the Toronto Zoo policies be amended accordingly;
- (3) the policies and procedures clearly outline the disposition information required to be maintained on file, including the requirement to approve such information by senior staff; and
- (5) excerpts of minutes supporting animal disposition transactions approved by the Animal Care, Research and Acquisition Committee and the Board of Management of the Toronto Zoo be attached to disposition records to evidence such approval.

**Report Title:** Cash Controls Follow-up Review – Toronto Zoo  
**Report Date:** September 3, 2004

**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;
- (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;
- (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; and
- (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.

**Toronto Zoo  
Recommendations – Not Fully Implemented**

**Report Title:** Review of Animal Transaction Policies, Procedures and Practices Since 1988

**Report Date:** May 12, 2000

**Recommendation:**

<b>Recommendation Not Fully Implemented</b>	<b>Management's Comments and Action Plan/Time Frame</b>
(6) that the Legal Division at the City of Toronto be consulted in regards to the proposed amendments to current policies and procedures.	The proposed amendments to the Animal Transaction and Disposition Policies and Procedures have been forwarded to the legal division of the City of Toronto for review and consultation.

**Report Title:** Cash Controls Follow-up Review – Toronto Zoo.

**Report Date:** September 3, 2004

**Recommendation:**

<b>Recommendations Not Fully Implemented</b>	<b>Management's Comments and Action Plan/Time Frame</b>
<p>(2) the General Manager and Chief Executive Officer, Toronto Zoo, ensure that:</p> <p>(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;</p> <p>(b) staff conduct cash counts on a surprise basis; and</p>	<p>(a) On a daily basis, respective cash counts are reconciled with the independent record from the POS and Admits systems, facilitating the detection of any overages / shortages and immediate investigation. The new Retail POS system now uploads and posts daily to the financial system. The Admission POS system process is currently being modified to provide an upload of admission sales information to the financial system on a daily basis. This will enable a more timely and periodic reconciliation of the vault balance for the US and Canadian cash floats</p>

<p>(c) staff observing surprise cash counts certify logs as evidence of review;</p> <p>(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; and</p> <p>(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.</p>	<p>with the General Ledger.</p> <p>(b) Fully implemented since 2004.</p> <p>(c) Fully implemented since 2004.</p> <p>(9) For operational reasons, it is our opinion that the setting and changing of prices should remain the responsibility of the Manager of Retail to ensure that retail pricing is based on market driven conditions for timely decision-making, with all such price changes documented and approved by the Executive Director – Marketing &amp; Communications. This approach is more efficient for the area and the associated risk is minimal and may be mitigated by the compensating control of exception reporting through the new Retail POS system. This reporting allows for proper documentation of price changes for independent review and verification testing by Financial Services on a periodic basis.</p> <p>(10) In conjunction with point (9), exception reporting capabilities of the POS system facilitate the provision of price changes for review. The Manager – Financial Services, or designate, will review the approved price change documentation on a periodic basis and test a selected sample of sales transactions to ensure agreement with authorized prices.</p>
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**ATTACHMENT 3**

**Toronto Zoo  
Recommendations – Not Applicable**

**Report Title: Review of Animal Transaction Policies, Procedures and Practices  
Since 1988**

**Report Date: May 12, 2000**

**Recommendation:**

- (4) management be required to report to the Board of Management through the Animal Care, Research and Acquisition Committee on the appropriateness of a policy requiring that dispositions be made to accredited institutions only.

**Report Title: Cash Controls Follow-up Review – Toronto Zoo**

**Report Date: September 3, 2004**

**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.