



AUDITOR GENERAL'S REPORT ACTION REQUIRED

Parks, Forestry and Recreation Division - Concession Agreements Review

Date:	January 19, 2011
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The objective of our review was to determine the adequacy of controls over the administration of concession agreements and the collection of concession revenues.

Our review identified opportunities for improving controls over billing and collection of concession revenues, follow-up on outstanding past due accounts and improvement in concession agreements.

RECOMMENDATIONS

The Auditor General recommends that:

1. The General Manager, Parks, Forestry and Recreation, develop written procedures for follow-up on past due accounts.
2. The General Manager, Parks, Forestry and Recreation, revise concession cost and property tax billing and collection practices to include more timely collection.
3. The General Manager, Parks, Forestry and Recreation, develop a process to evaluate concession payment terms for new or existing agreements at the time of renewal to include, where appropriate, terms requiring more frequent payments.
4. The General Manager, Parks, Forestry and Recreation, implement a process, where applicable, to validate concessionaire reported sales by City staff on a periodic basis.

5. The General Manager, Parks, Forestry and Recreation, develop written procedures for collecting concession payments.
6. The General Manager, Parks, Forestry and Recreation, explore other collection methods including pre-authorized payment, electronic fund transfer, on-line banking and the use of post-dated cheques.
7. The General Manager, Parks, Forestry and Recreation, in consultation with the City Solicitor, review new and existing concession agreements at the time of renewal, for opportunities to standardize management control clauses.

Financial Impact

Implementing the recommendations contained in this report will strengthen controls, improve revenue collection and result in operational efficiencies. The extent of any resources required or potential cost savings resulting from implementing the recommendations in this report is not determinable at this time.

ISSUE BACKGROUND

This report provides the results of the Auditor General's review of the billing and collection processes relating to concession agreements at the City Parks, Forestry and Recreation Division. The review was conducted as part of the Auditor General's Annual Work Plan.

The Auditor General's 2009 Audit Work Plan included a review of the City's revenue billing, collection and related processes. The intent in including City revenue sources in the audit work plan was to systematically address various revenue streams over a period of time. The review of concession agreements is part of this series of revenue audits. We have completed six such reviews relating to various City revenues.

COMMENTS

The Auditor General's report entitled "Parks, Forestry and Recreation Division – Concession Agreements Review" is attached as Appendix 1. Management's response to each of the recommendations contained in this report is attached as Appendix 2.

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SIGNATURE

Jeff Griffiths, Auditor General

09-PFR-02

ATTACHMENTS

- Appendix 1: Parks, Forestry and Recreation Division – Concession Agreements Review
- Appendix 2: Management's Response to the Auditor General's Review of Parks, Forestry and Recreation Division – Concession Agreements Review