



**AUDITOR GENERAL'S
REPORT
INFORMATION ONLY**

**Toronto Parking Authority - Results of Follow-up of
Previous Audit Recommendations**

Date:	May 9, 2011
To:	Board of Directors of the Toronto Parking Authority
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

This report provides the results of the Auditor General's follow-up on audit recommendations. On an annual basis the Auditor General reviews the implementation status of outstanding audit recommendations.

The current review focused on the status of audit recommendations included in the Auditor General's report entitled "Toronto Parking Authority Pay and Display Parking Operations – Review of Revenue, Expenditure and Procurement Practices" dated May 15, 2009. Toronto Parking Authority staff has implemented 10 of 16 recommendations contained in the audit report.

Management action to implement two of the sixteen report recommendations has resulted in financial benefits to the Toronto Parking Authority. Recommendation 7 which directed the President of the Toronto Parking Authority to take appropriate action to recover overpayments on ticket supply shortages has resulted in the recovery of approximately \$109,000.

Recommendation 9 related to management action required to make necessary financial adjustments with respect to the Toronto Parking Authority credit card upgrade program. The amount payable for credit card reader upgrades undertaken in 2007 has been reduced by approximately \$208,000, due to a lower number of credit card readers upgraded than originally billed, in order to ensure the proper amount is paid.

Audit recommendations fully implemented since our last follow-up review are listed in Attachment 1. Audit recommendations not fully implemented, as well as management's comments and action plan, are included in Attachment 2 and will be carried forward to our next follow-up review.

Financial Impact

There is no financial impact resulting from 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 Auditor General to the Board of Directors of the Toronto Parking Authority from January 1, 1999 to June 30, 2010.

We conducted this follow-up audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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. For those recommendations noted as implemented, audit work was conducted by audit staff to ensure the accuracy of management assertions. Where management indicated that a recommendation was not implemented, audit work was not performed.

Table 1 represents the results of our current follow-up on 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
Toronto Parking Authority Pay and Display Parking Operations – Review of Revenue, Expenditure and Procurement Practices May 15, 2009	16			9	7	-
Toronto Parking Authority – An Assessment of the Adequacy and Effectiveness of Financial and Administrative Controls September 16, 2002	15	15	-			
Courtesy Envelopes May 14, 2002	4	4	-			
Total	35	19	-	9	7	-

A listing of audit recommendations implemented by the Toronto Parking Authority since our last follow-up review is included in Attachment 1.

Recommendations not fully implemented, together with management’s comments and action plan, are listed in Attachment 2 and will be carried forward to the next follow-up review.

A consolidated report will be tabled at the July 2011 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, 2010. The results of the current follow-up review for the Toronto Parking Authority will be included in that report.

CONTACT

Alan Ash, Director, Auditor General’s Office
Tel: (416) 392-8476, Fax: (416) 392-3754, E-Mail: aash@toronto.ca

SIGNATURE

Jeffrey Griffiths, Auditor General

ATTACHMENTS

Attachment 1: Audit Recommendations – Fully Implemented
Attachment 2: Audit Recommendations – Not Fully Implemented

**TORONTO PARKING AUTHORITY
AUDIT RECOMMENDATIONS - FULLY IMPLEMENTED**

Report Title: TORONTO PARKING AUTHORITY PAY AND DISPLAY
PARKING OPERATIONS – REVIEW OF REVENUE,
EXPENDITURE AND PROCUREMENT PRACTICES

Report Date: MAY 15, 2009

Recommendations:

- (1) The Chair of the Toronto Parking Authority Board of Directors review provisions of Policy Resolution 5-7 and amend to
 - a. provide objective criteria for exceptions to the competitive pricing process, giving consideration to adopting similar criteria included in City procurement policies
 - b. clarify the type of long-term commitments on which the related section applies.
- (2) The President of the Toronto Parking Authority take appropriate steps to ensure compliance with the provisions of Policy Resolution 5-7 and obtain specific Board approval for any waiver of policy.
- (4) The President of the Toronto Parking Authority report to the Toronto Parking Authority Board by September 2009 on the overall plan to implement on-line credit card processing. Such report to include
 - a. detailed work plan for testing on-line credit card processing, including timelines, responsibility and status of work completed to date
 - b. other options being considered, including pay by phone as additional payment option
 - c. estimated costs of implementing on-line credit card processing under various options.
- (5) The President of the Toronto Parking Authority, in consultation with appropriate legal counsel, ensure all contracts clearly stipulate all terms and conditions approved by the Board, while protecting the interests of TPA and the City.

- (7) The President of the Toronto Parking Authority take appropriate action to recover the overpayment on shortage of ticket supply and remind staff to check the quantity of all goods received.
- (9) The President of the Toronto Parking Authority take appropriate steps to make necessary adjustments with respect to the credit card upgrade, including
 - a. reducing future payments to reflect revised purchase cost
 - b. adjusting the affected general ledger and financial statement accounts, as appropriate.
- (14) The President of the Toronto Parking Authority, in consultation with the Toronto Transportation Services Division, establish guidelines with respect to recovery of lost meter revenue, outlining the
 - a. roles and responsibilities of TPA staff and Transportation Services staff
 - b. basis for calculating the lost meter revenue recovery amounts.
- (15) The President of the Toronto Parking Authority implement controls over accounts payable activities to ensure master vendor file updates are
 - a. performed by someone independent of the accounts payable and disbursement functions
 - b. properly documented and approved by management
 - c. verified by an independent person to ensure accuracy.
- (16) The Chair of the Toronto Parking Authority Board of Directors ensure that all items discussed in closed meetings meet the criteria stipulated under the City of Toronto Act, 2006 and follow City protocols with respect to confidential items.

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

**Report Title: TORONTO PARKING AUTHORITY PAY AND DISPLAY
PARKING OPERATIONS – REVIEW OF REVENUE,
EXPENDITURE AND PROCUREMENT PRACTICES**

Report Date: MAY 15, 2009

Recommendations:

No.	Recommendation	Management’s Comments and Action Plan/Time Frame
(3)	<p>The President of the Toronto Parking Authority, in consultation with legal counsel, take appropriate steps to execute a formal data and management services agreement, ensuring adequate terms and conditions are provided, including</p> <ul style="list-style-type: none"> a. access to vendor program source codes essential to the operation of pay and display equipment, in the event of vendor insolvency b. defined service levels and standards, including criteria and measures for non-performance subject to penalty c. TPA ability to obtain potential financial benefits should the vendor market the product to other clients. 	<p>The Toronto Parking Authority has executed a Letter of Intent with respect to the implementation of the agreement. The execution of the full agreement is anticipated in 2011. The agreement will address all aspects of the Auditor’s recommendation. This was a TPA initiative prior to the Audit.</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(6)	The President of the Toronto Parking Authority analyze options and take appropriate action to reduce the parts replacement cost attributed to unused tickets.	Implemented effective August 2011.
(8)	The President of the Toronto Parking Authority implement procedures to ensure equipment repairs and maintenance are completed on a timely basis and recurring problems are identified and satisfactorily addressed.	Ongoing – Summer 2011.
(10)	The President of the Toronto Parking Authority give priority to meeting the Payment Card Industry Data Security Standard (PCI DSS) certification requirements and report to the Board on the efforts made in that regard.	Ongoing – Summer/Fall 2011.
(11)	<p>The President of Toronto Parking Authority determine payment card chip and PIN technology requirements and report to the Toronto Parking Authority Board on related action plans. Such report to include</p> <ul style="list-style-type: none"> a. cost and benefit of implementation b. specific timelines and responsibility for implementation. 	The TPA has partnered with Visa to implement the payWave program; a contactless low value credit card payment solution, no signature or personal identification number required, implementation June 2011.

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(12)	<p>The President of the Toronto Parking Authority take steps to</p> <ul style="list-style-type: none"> a. request the vendor to modify the current operating system of the pay and display equipment to allow for assignment of sequentially numbered identification numbers for each parking transaction b. establish procedures to account for numerical continuity of all transactions to ensure completeness of data. 	Ongoing – 2011.
(13)	<p>The President of the Toronto Parking Authority establish information technology policies and procedures to provide</p> <ul style="list-style-type: none"> a. change management controls requiring adequate documentation and approvals for changes to TPA's information technology systems b. roles and responsibilities assigned to information and technology staff to ensure adequate segregation of incompatible functions c. adequate security controls including maintaining review of system access logs and conducting periodic review of the logs. 	Ongoing – Fall 2011.