



AUDITOR GENERAL'S REPORT INFORMATION ONLY

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

Date:	March 7, 2012
To:	Board of Directors of the Toronto Parking Authority
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's Office conducts an annual follow-up review on the implementation of recommendations contained in audit reports issued. This report contains the follow-up results on the status of recommendations included in the report issued to the Toronto Parking Authority entitled "Toronto Parking Authority Pay and Display Parking Operations - Review of Revenue, Expenditure and Procurement Practices" dated May 15, 2009.

Our initial audit included a total of 16 recommendations. At this point last year nine recommendations had been implemented. Of the seven that continue to be outstanding, one recommendation has since been implemented. Details are included in Attachment 1 and 2 of this report.

In addition, we concluded that one recommendation is no longer applicable due a compensating control implemented recently by management.

We noted one particular issue as a result of our follow-up review that requires particular attention. The issue relates to Toronto Parking Authority compliance with Payment Card Industry Security Standards (PCI DSS).

The audit undertaken in 2009 identified that Toronto Parking Authority had not completed the certification requirements for the Payment Card Industry Data Security Standard (PCI DSS) for Level 2 Merchants. These standards provide technical and operational requirements created by the Payment Card Industry Security Standards Council to help organizations reduce the risk of payment card fraud. Merchants are

required to implement practices in accordance with the security standard and have practices reviewed by industry certified Qualified Security Assessors (QSA).

In 2010, due to a change in the annual transaction volume, the Authority was re-categorized as a Level 1 Merchant. The Authority was requested to engage a Qualified Security Assessor (QSA) to undertake a Stage 1 assessment and prepare an analysis to determine areas of priority for implementing required practices to achieve certification.

According to management, the plan was completed and accepted by the payment card acquirer in June 2011. The Toronto Parking Authority is currently undergoing an on-site compliance audit and according to management the certification process will be completed as expeditiously as possible.

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's Auditor General.

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	16	9	-	1	5	1
Total	16	9	-	1	5	1

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. Appendix 3 contains one recommendation that is no longer applicable.

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

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SIGNATURE

Jeffrey Griffiths, Auditor General

12-AAS-05

ATTACHMENTS

Attachment 1: Audit Recommendations – Fully Implemented

Attachment 2: Audit Recommendations – Not Fully Implemented

Attachment 3: Audit Recommendations – Not Applicable

**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

Recommendation:

- (6) The President of the Toronto Parking Authority analyze options and take appropriate action to reduce the parts replacement cost attributed to unused tickets.

**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. 	<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 2012. The agreement will address all aspects of the Auditor’s recommendations. This was a TPA initiative prior to the audit.</p>
(8)	<p>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.</p>	<p>Where removals are required a machine replacement program has been implemented to ensure service is uninterrupted during repairs. An asset management program is being implemented to track the status of these events.</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(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.	Certification process ongoing – Summer 2012
(11)	<p>The President of Toronto Parking Authority to 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, through a partnership with Visa Canada, has completed the implementation of Visa's payWave product; a contactless low value credit card payment solution, no signature or personal identification number required. The TPA will continue to pursue the opportunities presented through this technology.
(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. 	These policies are all requirements of the PCI DSS certification process currently underway. Ongoing – Summer 2012.

**TORONTO PARKING AUTHORITY
AUDIT RECOMMENDATIONS – NOT APPLICABLE**

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
(12)	<p>The President of the Toronto Parking Authority take steps to</p> <p>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</p> <p>b. establish procedures to account for numerical continuity of all transactions to ensure completeness of data.</p>	<p>Implemented. The generation of a sequential transaction number to credit card transactions was requested and implemented by Precise/Parkeon. However in the time since the audit was conducted changes to the content and format of the paper collection tapes produced at the time of a coin collection have been made which (based on the original objective of the sequential transaction numbers - completeness of all credit transactions) makes their review/use unnecessary. Today each coin collection automatically generates at the time a second collection tape that contains only credit card data in the same format/layout as the coin collection tape. To audit the completeness of credit transactions received we have implemented an audit test on a sample basis wherein we compare the processed transactions received in our database to the amount reported on a credit collection tape. The time/dates of 2 sequential collection tapes are used as the "from/to" parameters for extracting the transaction totals from our database. As the collection tapes are generated at the machine level this audit is considered more reliable/meaningful than testing data collected in an external database server.</p>