



AUDITOR GENERAL'S REPORT ACTION REQUIRED

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

Date:	May 18, 2016
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 of the implementation status of recommendations contained in previously issued audit reports.

This report provides the status of the implementation of the audit recommendations included in the report entitled "Toronto Parking Authority Pay and Display Parking Operations - Review of Revenue, Expenditure and Procurement Practices" dated May 15, 2009.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.AU11.9>

There were 16 recommendations included in the May 15, 2009 TPA audit report. In previous years, 11 of these recommendations were determined to have been fully implemented and four were determined to be no longer applicable. The remaining recommendation will be implemented with the execution of the Master Services Agreement. Management advised that it is their intent to submit the Master Services Agreement for approval by the Board of Directors at its meeting on May 26, 2016.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Board of Directors of the Toronto Parking Authority receive this report for information.

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 from the 2009 TPA audit report. 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 with a written response regarding the implementation status of each audit recommendation. Where management indicates that recommendations have been implemented, audit work is conducted by audit staff to ensure the accuracy of management assertions.

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 2009	16	11	4	0	1*	0

There were a total of 16 recommendations in this report. In previous years, 11 of these recommendations were determined to have been fully implemented and four were determined to be no longer applicable.

(* The remaining recommendation will be fully implemented with the execution of the Master Services Agreement which includes the statement of work for data management services. Management advised that it is their intent to submit the Master Services Agreement for approval by the Board of Directors at its meeting on May 26, 2016.

As of May 18, 2016, when this report was signed, the Agreement was not yet finalized. Therefore, the recommendation together with management's comments and action plan, is listed in Attachment 1 and will be carried forward to the next follow-up review.

A consolidated report on the results of the implementation status of all audit recommendations that relate to the City's Agencies and Corporations will be issued by the Auditor General and tabled at the July meeting of the City's Audit Committee. The status of the implementation of recommendations from the May 15, 2009 TPA audit will be included in that report.

In 2017, the Auditor General will include in the annual follow-up process the 25 recommendations contained in the following two audit reports:

- Phase 1: Audit of Real Estate Activities presented to the Board of Directors in October 2015
(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU4.11>)
- Phase 2: Audit of the Revenue Operations of Off-Street Controlled Facilities presented to the Board of Directors in January 2016
(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.AU5.5>)

CONTACT

Ina Chan, Assistant Auditor General, Auditor General's Office
Tel: (416) 392-8472, Fax: (416) 392-3754, E-Mail: ichan3@toronto.ca

SIGNATURE

Beverly Romeo-Beehler, Auditor General

ATTACHMENT

Attachment 1: Audit Recommendations – Not Fully Implemented

**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

Recommendation:

No.	Recommendation	Management’s Comments and Action Plan/Time Frame
(003)	<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>Subsequent to the Audit, TPA executed a binding “Letter of Intent” with its supplier and service provider comprising the key elements of data management services (DMS) which are applicable between the parties. The structure of the data services arrangement was altered and simplified in early 2014 with the execution of a further agreement between the TPA, its P&D service provider and its card acquirer to further limit TPA risk with respect to PCI-DSS requirements.</p> <p>Accordingly, the direction and scope of the DMSA have been refocused to conform with the current environment. A revised DMSA and a Master Services Agreement have been negotiated, are in near-final draft and management expects to report to the Board on May 26, 2016, upon completion of refinements.</p>