

## Attachment 5 – Status Update on Outstanding Audit Issues and Management Letter Recommendations – Arenas

### GEORGE BELL ARENA

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#### **Issue 1 – Lack of employment agreements**

During the course of our 2018 fiscal audit, we noted that employment agreements could not be provided for some permanent or casual staff. While we were able to use alternative methods to verify payroll expenses, employment contracts should be maintained as audit evidence to confirm the roles and effective wage rates of staff.

We recommend that the Arena Manager generate and retain documentation to support each staff's effective rates of pay (e.g. employment agreement or letter to employee indicating their effective wage rate).

*Current status as reported by Management (as of August 31, 2019) and description of the implementation status, progress made, or the additional work required*

Implemented. All employees have received employment agreements and letters indicating current wage rate, annual letters reflecting wage increases to be distributed as necessary.

#### **Issue 2 – Review of bank reconciliations**

During the course of our 2017 fiscal audit, we recommended that bank reconciliations be reviewed by someone other than the preparer and that their review be documented by initialing the bank reconciliations prepared. During the course of our 2018 fiscal audit, we noted that there continues to be no evidence that the bank reconciliations are reviewed.

We recommend that the reconciliations be reviewed by someone other than the preparer and that their review be documented by initialing the bank reconciliations prepared. This is especially important given that the bank reconciliations are prepared by the same individual that records receipts and payments.

*Current status as reported by Management (as of August 31, 2019) and description of the implementation status, progress made, or the additional work required*

Implemented. Manager reviews bank reconciliations with bookkeeper and initials same.

## **LEASIDE MEMORIAL COMMUNITY GARDENS ARENA**

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### **Issue 1 – Consistent review and approval of bank reconciliations and statements**

During the course of our 2018 fiscal audit, we noted that no evidence of review and approval was documented by the General Manager on the bank reconciliations and corresponding bank statements. If the bank reconciliations and statements are not reviewed, this could lead to bank errors or fraudulent transactions remaining undetected and uncorrected.

We recommend that the General Manager consistently review the monthly bank reconciliations and statements. We also recommend that the General Manager initial and date stamp the bank reconciliations to indicate their review.

*Current status as reported by Management (as of August 31, 2019) and description of the implementation status, progress made, or the additional work required*

Partially implemented. Management staff turnover has caused delays in fulfilling this request.

*Anticipated implementation date*

Anticipated implementation in October 2019.

### **Issue 2 – Retention of employee timecards**

During the course of our 2018 fiscal audit, we noted that some of the timecards selected for testing could not be provided. While we were able to use alternative methods to verify payroll expenses, timecards should be maintained as audit evidence to confirm the hours worked by staff.

We recommend that all timecards be retained in a binder and organized sequentially.

*Current status as reported by Management (as of August 31, 2019) and description of the implementation status, progress made, or the additional work required*

Partially implemented. Additional steps to be taken to align payroll due date timelines with timecards. Process will evolve with new General Manager.

*Anticipated implementation date*

Anticipated implementation for FY 2019.

### **Issue 3 – Consistent review and approval of payroll registers**

During the course of our 2018 fiscal audit, we noted that the General Manager was inconsistent in reviewing and approving the pay registers prepared and provided by the City of Toronto.

We recommend that the General Manager consistently review the payroll registers provided by the City of Toronto to ensure that only staff costs are captured by the Arena's payroll expenses and that the hours and wage rates used to calculate pays match supporting documentation retained by the Arena. We also recommend that the General Manager initial and date stamp the payroll registers to indicate their review. This recommendation is consistent with one that was provided in 2018<sup>1</sup>.

*Current status as reported by Management (as of August 31, 2019) and description of the implementation status, progress made, or the additional work required*

Partially implemented. Management plans to ensure that this recommendation is implemented, including developing a formal review process in the coming year, while ensuring that operational and legislative requirements are also met.

*Anticipated implementation date*

Anticipated implementation for FY 2019.

### **Issue 4 – Lack of employment agreements**

During the course of our 2018 fiscal audit, we noted that employment agreements could not be provided for some permanent or casual staff. While we were able to use alternative methods to verify payroll expenses, employment contracts should be maintained as audit evidence to confirm the roles and effective wage rates of staff.

We recommend that the General Manager generate and retain documentation to support each staff's effective rates of pay (e.g. employment agreement or letter to employee indicating their effective wage rate).

*Current status as reported by Management (as of August 31, 2019) and description of the implementation status, progress made, or the additional work required*

Partially implemented. All unionize employees are employed by City of Toronto, as such, all employment agreements are filed with Human Resources at the City. Health & Safety information and other general information about employees will be on site. Management intends to work with the auditors to determine what documentation can be maintained on site at the Arena.

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<sup>1</sup> The external auditor identified the same issue during both the 2016 and 2017 audits.

*Anticipated implementation date*

Anticipated implementation for FY 2019.

**Issue 5 – Balances due to/from City of Toronto**

During the course of our 2016 fiscal audit, we noted that the receivable balances due from and payable balances due to the City of Toronto recorded by the Arena do not reconcile to the City's books. In 2016, we recommended that the General Manager work with City staff in order to address the discrepancies. During the course of our 2018 fiscal audit, we noted that these discrepancies still exist.

We reiterate our recommendation that the General Manager work with City staff in order to address the discrepancies appropriately.

*Current status as reported by Management (as of August 31, 2019) and description of the implementation status, progress made, or the additional work required*

Partially implemented. General Manager plans to identify a point-person at the City to address the discrepancies.

*Anticipated implementation date*

Anticipated implementation in January 2020.

**Issue 6 – Post-employment benefits payable and related balance due from City of Toronto**

During the course of our 2016 fiscal audit, we noted that the long-term receivable from the City of Toronto for post-employment benefits does not equal the related post-employment benefits payable. In 2016, we recommended that the General Manager work with City staff in order to address the discrepancy. During the course of our 2018 fiscal audit, we noted that this discrepancy still exists.

We reiterate our recommendation that the General Manager work with City staff in order to address this discrepancy appropriately.

*Current status as reported by Management (as of August 31, 2019) and description of the implementation status, progress made, or the additional work required*

Partially implemented. All financial payments, including benefits, are provided and implemented by City of Toronto finance department. General Manager plans to identify a point-person at the City to address the discrepancies and work to improve communication and documentation accuracy.

*Anticipated implementation date*

Anticipated implementation in FY 2020.