

Attachment 2 – Status Update on Outstanding Audit Issues and Management Letter Recommendations – Leaside Memorial Community Gardens Arenas

LEASIDE MEMORIAL COMMUNITY GARDENS ARENA

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 January 10, 2020) and description of the implementation status, progress made, or the additional work required

Resolved.

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 January 10, 2020) and description of the implementation status, progress made, or the additional work required

Resolved.

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 2018¹.

Current status as reported by Management (as of January 10, 2020) and description of the implementation status, progress made, or the additional work required

Resolved.

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 January 10, 2020) and description of the implementation status, progress made, or the additional work required

This issue cannot be resolved as staff that have been working at Leaside Gardens for years were not required to have a contract. This is a City process issue. Staff are unionized with the exception of the General Manager. The General Manager has a contract. Unionized staff wages are determined by the Collective Agreement.

Anticipated implementation date

Not applicable.

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.

¹ The external auditor identified the same issue during both the 2016 and 2017 audits.

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. The Leaside Gardens Board of Management and staff are working with City staff and have identified several discrepancies with back-up support. We continue to work on resolving the balance of the discrepancies.

Anticipated implementation date

Anticipated implementation by December 31, 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. Management receives the Mercer Report from the City of Toronto and provides it to the Auditor. The Auditor sets up this information.

Anticipated implementation date

Anticipated implementation by December 31, 2020.