

**Management's Response to the Auditor General's Review of
Parks, Forestry and Recreation Division – Controls Over Ferry Service Revenue Need Strengthening**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
1.	The General Manager, Parks, Forestry and Recreation, in consultation with the Chief Information Officer, evaluate options for alternative payment methods including the use of debit and credit cards at sales counters and vending machines, as well as Web-based sales.	X		The Division appreciates that reducing cash handling could lessen risk, but notes that given the nature of the operation, cash will continue to be the primary method of payment. The Division views providing more options for customers to use alternative methods of payment as a means of increased convenience. The Division has arranged for the installation of credit/debit free standing ticket vending machines positioned at the approach to the Mainland Ferry Terminal. However, we do not foresee increasing credit/debit at additional ticket selling windows because cash is both faster and necessary to accommodate small groups, children and youth without credit or debit cards, and for such small transactions is the payment method of choice for most customers. Banks do not allow for debit card transactions over the web at this time. We cannot move forward with web based tickets until a new system is in place.	The Division will undertake a business process review to include the evaluation of alternative payment methods to reduce cash collection. The review will be completed by August 2010, and a capital business case will be submitted as part of the 2011 budget process to recommend the business solutions. Four credit/debit free standing ticket vending machines will be installed at the terminal by the end of May, 2010.

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2.	<p>The General Manager, Parks, Forestry and Recreation, develop an automated cash reconciliation process. The process should include daily variance tracking of cash shortages and overages, and should report accumulated variances by month, year and cashier. The process should also provide for investigation and reconciliation of unusual variances. Mandatory supervisory review should include sign-off on all reconciliations and variances. Variance reports should be retained in accordance with required record retention time frames.</p>	X			<p>A cash reconciliation process exists and provides for investigation and reconciliation. The current system issues reports that show variances at the end of every shift. Variances over \$10 are investigated by the Marine Coordinator. A statement is received from the issuing employee on the variance and it is then sent to Revenue Management for filing. Both daily reports and memos are filed.</p> <p>The Division has created an Excel based tracking report that summarizes the accumulated variances by month, year and cashier to assist with the daily variance tracking until a new ticket sales system is installed. This report was created and implemented on January 1, 2010.</p> <p>This report is forwarded by Revenue Management to the Marine Coordinator on a monthly basis for investigation of trends.</p>

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					The Division will request Internal Audit to review these processes by August 2010 to ensure the controls introduced address the risks identified.
3.	<p>The General Manager, Parks, Forestry and Recreation in consultation with the Chief Information Officer, conduct a business process review of the Ferry Service/Marine Operations and evaluate options to upgrade or replace the existing information technology system for submission to the 2011 information technology capital process. The review should include:</p> <p>a. Integration of the point of sale system with other related City systems, such as the debit and credit card system and the SAP financial system.</p>	X			<p>The Division will undertake and complete a business process review in 2010. All recommendations that result from the business process review will be submitted as a 2011 Capital Budget and potentially, 2011 and/or 2012 Operating Budget (operating impact of capital) submission(s).</p> <p>Implementation of a recommended systems solution is dependent on funding being approved through the budget process.</p>

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	b. An evaluation of the CLASS management information system as it relates to meeting the needs of Marine Operations.				
4.	The General Manager, Parks, Forestry and Recreation, implement an interim process to independently reconcile point of sale revenues with bank deposits.	X			The Division will explore interim reconciliation methods as part of the aforementioned business process review by the end of 2010.
5.	The General Manager, Parks, Forestry and Recreation, ensure staff are appropriately trained on computer systems routinely used and user manuals are available to staff for training and ready reference. Further, the General Manager, Parks, Forestry and Recreation, in consultation with the Chief Information Officer, determine corporate requirements for future computer system support and maintenance in the event of system failure.	X			The Division will attempt to source the contract and review the maintenance and support provisions in 2010. After the business process review is complete, and new systems are installed, appropriate measures will be put in place to ensure documentation, manuals, maintenance and support. The division expects this step to be completed by December 2011.

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6.	The General Manager, Parks, Forestry and Recreation, in consultation with the Chief Information Officer, evaluate options for automating the ferry service ticket inventory.	X			This will be included in the business process review that is noted in Recommendation #3, above. This will also form a part of the 2011 Capital Budget submission for all recommendations resulting from the business process review.
7.	<p>The General Manager, Parks, Forestry and Recreation, in consultation with the Chief Information Officer, evaluate options for:</p> <ul style="list-style-type: none"> a. Automating ticket cancellation and refund processes. b. Implementing a process to analytically review cancelled tickets and refunds. <p>Further, the General Manager, Parks, Forestry and Recreation, implement a process to ensure reasons for ticket and ferry pass cancellations and refunds are appropriately documented and are subject to supervisory approval.</p>	X			<p>This will also be included in the business process review that is noted in Recommendation #3, above. The scope of the review will not only include hardware recommendations, but process and workflow accountability as well.</p> <p>This will also form a part of the 2011 Capital Budget submission for all recommendations resulting from the business process review.</p> <p>While the cancelled tickets represent a negligible proportion of overall monthly ticket sales (about one tenth of one percent), a process is in place whereby ticket cancellations and</p>

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					<p>refunds are appropriately documented and authorized by the Supervisor of Marine Services.</p> <p>We will request Internal Audit to verify this process by August 2010 to ensure there are adequate controls to mitigate the identified risks.</p>
8.	<p>The General Manager, Parks, Forestry and Recreation, review current ticket and dock procedures. Periodic comparisons between tickets sold and the number of patrons recorded as ferry passengers should be conducted, and unusual deviations investigated.</p>	X			<p>This will also be included in the business process review that is reflected in Recommendation #3, above. Part of the hardware scope will include ticketing methods and part of the process review will include related procedures. It is noted that changing the current passenger movement and dock operations of the terminal could entail significant capital expenditures.</p> <p>This will form a part of the 2011 Capital Budget submission for all recommendations resulting from the business process review.</p>

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					Although ticket sales and the physical passenger counts (a requirement of the Marine Act) are two separate and distinct exercises, carried out for different purposes, staff will conduct the recommended comparison on a sample of Ferry trips quarterly and identify significant anomalies effective immediately.
9.	<p>The General Manager, Parks, Forestry and Recreation, develop a process to review and monitor vendor contracts and ensure contracts are renewed on a timely basis.</p> <p>In addition, the General Manager, Parks, Forestry and Recreation, develop a process to periodically bill and follow-up on outstanding revenues on a timely basis.</p>	X			<p>The Division has implemented a process whereby all invoicing transactions are a responsibility of the Accounts Receivable unit. The Supervisor of Marine Services will communicate all invoicing requirements to Revenue Management, and they will invoice, and follow-up with collection.</p> <p>This process is currently in place in the Revenue Management Unit.</p> <p>We will request Internal Audit to review this process by August 2010 to</p>

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					ensure there are adequate controls in place to mitigate the risks identified.
10.	The General Manager, Parks, Forestry and Recreation, in consultation with the Chief Information Officer, evaluate controls on system data and change management processes, and ensure corporate requirements are followed for current and future computer systems.	X			This will also be included in the business process review that is noted in Recommendation #3, above. After the business process review is complete, corporate requirements will be followed for the current and future computer systems.