



STAFF REPORT ACTION REQUIRED

Parks, Forestry and Recreation Division – Controls Over Ferry Service Revenue Need Strengthening

Date:	April 26, 2010
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The objective of this review was to assess the adequacy of controls over the administration and collection of Ferry Service revenue.

Our review identified opportunities for strengthening controls over the management of Ferry Service revenue and receivables. We have provided 10 recommendations for strengthening financial and accounting controls.

RECOMMENDATIONS

The Auditor General recommends that:

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.
2. 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.

3. 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:
 - 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.
 - 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.
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.
6. The General Manager, Parks, Forestry and Recreation, in consultation with the Chief Information Officer, evaluate options for automating the ferry service ticket inventory.
7. The General Manager, Parks, Forestry and Recreation, in consultation with the Chief Information Officer, evaluate options for:
 - a. Automating ticket cancellation and refund processes.
 - b. Implementing a process to analytically review cancelled tickets and refunds.

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.

8. 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.
9. 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.

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.

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.

Financial Impact

The implementation of recommendations in this report will improve controls in the management and administration of ferry service revenues and receivables. The extent of any resources required or potential cost savings and revenue improvements resulting from implementing the recommendations in this report is not determinable at this time.

DECISION HISTORY

This report provides the results of the Auditor General's review of the Parks, Forestry and Recreation Division controls over ferry service revenues. This review was conducted as part of the Auditor General's Annual Work Plan.

COMMENTS

The Auditor General's report entitled "Parks, Forestry and Recreation Division – Controls Over Ferry Service Revenue Need Strengthening" is attached as Appendix 1. Management's response to each of the recommendations contained in this report is attached as Appendix 2.

CONTACT

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SIGNATURE

Jeffrey Griffiths, Auditor General

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ATTACHMENTS

- Appendix 1: Parks, Forestry and Recreation Division – Controls Over Ferry Service Revenue Need Strengthening
- Appendix 2: Management's Response to the Auditor General's Review of Parks, Forestry and Recreation Division – Controls Over Ferry Service Revenue Need Strengthening