



AUDITOR GENERAL'S REPORT INFORMATION ONLY

Results of Follow-up of Previous Audit Recommendations

Date:	April 28, 2011
To:	Board of Management of the Toronto Zoo
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

This report provides the results of the Auditor General's follow-up on outstanding audit recommendations. On an annual basis the Auditor General reviews the implementation status of outstanding audit recommendations.

The current review focused on the status of audit recommendations included in the Auditor General's report entitled "Toronto Zoo Construction Contracts Review – Tundra Project" dated January 11, 2010. Toronto Zoo staff has implemented 12 of 13 recommendations contained in the audit report. In addition, staff has implemented all recommendations made in a separate letter issued by the Auditor General to management outlining other less significant issues that came to our attention during the audit.

Audit recommendations fully implemented since our last follow-up review are listed in Attachment 1. Audit recommendations not fully implemented, as well as management's comments and action plan, are included in Attachment 2 and will be carried forward to our next follow-up review.

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 previously made by the City's Auditor General to the Board of Management of the Toronto Zoo from January 1, 1999 to June 30, 2010.

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 a written response on the status of each recommendation contained in our audit reports. For those recommendations noted as implemented, audit work was conducted by audit staff to ensure the accuracy of management assertions. Where management indicated that a recommendation was not implemented, audit work was not performed.

Table 1 represents the results of our current follow-up on audit recommendations for the Toronto Zoo.

Table 1:

RESULTS OF THE CURRENT REVIEW

Report Title and Date	Total No. of Recs.	Previously Reported (April 17, 2008)		Results of Current Review		
		Fully Implemented	Not Applicable	Fully Implemented	Not Fully Implemented	Not Applicable
Toronto Zoo Construction Contracts Review – Tundra Project January 11, 2010	13			12	1	0
Cash Control Follow-up Review - Toronto Zoo September 3, 2004	11	8	3			
Review of Animal Transaction Policies, Procedures and Practices since 1988 May 12, 2000	6	5	1			
Total	30	13	4	12	1	0

A listing of audit recommendations implemented by the Board of Management of the Toronto Zoo since our last follow-up review is included in Attachment 1.

Recommendations not fully implemented, together with management's comments and action plan, are listed in Attachment 2 and will be carried forward to the next follow-up review.

A consolidated report will be tabled at the July 2011 meeting of the Audit Committee on the results of the current follow-up of audit recommendations relating to the City's Agencies, Boards and Commissions for reports issued by the Auditor General's Office from January 1, 1999 to June 30, 2010. The results of the current follow-up review for the Toronto Zoo will be included in that report.

CONTACT

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SIGNATURE



Jeffrey Griffiths, Auditor General

ATTACHMENTS

Attachment 1: Audit Recommendations – Fully Implemented

Attachment 2: Audit Recommendations – Not Fully Implemented

**TORONTO ZOO
AUDIT RECOMMENDATIONS - FULLY IMPLEMENTED**

**Report Title: TORONTO ZOO CONSTRUCTION CONTRACTS REVIEW
- TUNDRA PROJECT**

Report Date: JANUARY 11, 2010

Recommendations:

- (1) The Chief Executive Officer, Toronto Zoo, in consultation with the City Solicitor, modify the standard templates for call documents and agreements to include:
 - a. A schedule of values allocating the entire contract amount to major segments of the project acceptable to the consultant and the Zoo, on which payments should be based. The schedule should be provided by the contractor prior to the first progress payment
 - b. A right to audit clause.
- (2) The Chief Executive Officer, Toronto Zoo, in consultation with the City Solicitor, take appropriate steps to ensure that:
 - a. The Zoo's standard templates for call documents and agreements are compared periodically with City call documents
 - b. Relevant City clauses are adopted where appropriate
 - c. Any alterations to the Zoo's standard terms and conditions are approved, in writing, by the City Solicitor.
- (3) The Chief Executive Officer, Toronto Zoo, establish policies and procedures for inspection and testing to include:
 - a. Selection and hiring of inspection and testing agency independent of the contractor
 - b. Inspection type, frequency, timing and quality
 - c. Review and monitoring of inspection and testing
 - d. Required level of documentation and retention of inspection and testing reports

- e. Checklist to facilitate tracking of required inspection and testing processes.
- (4) The Chief Executive Officer, Toronto Zoo, develop appropriate controls and processes to ensure inspection reports prepared by inspection and testing agencies, and site review reports prepared by consultants are adequately reviewed and monitored.
- (5) The Chief Executive Officer, Toronto Zoo, establish procedures requiring that all change orders provide sufficient business case details for the extra work to identify:
- a. Whether the extra work is due to errors or omissions by the consultant, contractor or staff
 - b. Whether certain costs could be recovered from the consultant or contractor in accordance with contract terms and conditions.
- (6) The Chief Executive Officer, Toronto Zoo, in consultation with the City Solicitor, explore the possibility of pursuing the recovery of additional costs arising from design deficiencies.
- (7) The Chief Executive Officer, Toronto Zoo, in consultation with the City Solicitor, review the standard contract terms with respect to the accuracy of “as-built” drawings and consider modifying to provide an allowable margin of error.
- (9) The Deputy City Manager and Chief Financial Officer take appropriate steps to provide agencies, boards and commissions with appropriate capital reports on a periodic basis to facilitate the reconciliation of all capital accounts.
- (10) The Chief Executive Officer, Toronto Zoo, in consultation with the City Solicitor:
- a. review the City checklist for assessing bid irregularities and develop a similar checklist appropriate for the Zoo
 - b. develop procedures to conduct a periodic review of any changes to City of Toronto procurement practices and adopt changes, as appropriate
 - c. review and update draft purchasing policies and submit them for Board approval.
- (11) The Chief Executive Officer, Toronto Zoo, establish a guideline for adequate documentation to support procurement decisions and retention

requirements, and develop procedures to monitor staff conformance with the guideline.

- (12) The Chief Executive Officer, Toronto Zoo, review all current contracts to ensure Fair Wage approval has been obtained and documentation of such approval is retained.
- (13) The Toronto Zoo Board of Management review and confirm spending authority limits for amounts exceeding approved commitments and consider establishing a fixed dollar limit on each instance.”

**TORONTO ZOO
AUDIT RECOMMENDATIONS – NOT FULLY IMPLEMENTED**

**Report Title: TORONTO ZOO CONSTRUCTION CONTRACTS REVIEW
– TUNDRA PROJECT**

Report Date: JANUARY 11, 2010

Recommendations:

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(8)	<p>The Deputy City Manager and Chief Financial Officer review capital billing procedures and take appropriate steps to:</p> <ul style="list-style-type: none"> a. Establish policies and procedures with respect to capital billings from agencies, boards and commissions, including the timing and frequency of billings, payment of holdback and receipt of external funding b. Communicate such policies and procedures to the agencies, boards and commissions. 	<p><u>Toronto Zoo Response:</u> As this recommendation relates to the City, we agree with the need for their involvement and await confirmation of a meeting to discuss their policy and procedures.</p> <p><u>Deputy City Manager and Chief Financial Officer Response:</u> There are established procedures which ABCs have been following for many years. However, we will document these procedures and communicate them to the ABCs prior to September 30, 2011.</p>