

MANAGEMENT CONTROLS – CHECKLIST FOR COMMISSIONERS

Community & Neighbourhood Services
Toronto Public Library

Attachment 1

The Chief Administrative Officer, in consultation with the Chief Financial Officer & Treasurer and the Commissioners, identify those administrative areas where the greatest risk exist and take appropriate steps to ensure that adequate controls are in place to prevent fraudulent activities.

Internal Control Checklist

Balance Sheet

	Yes	No	Comments
Q. Do you have a system in place, which periodically reviews the controls relating to cash?	X		<p>Bank reconciliations are currently being reviewed and approved by the Accounting Manager.</p> <p>Cash receipts are deposited to the bank on a timely basis and are accounted for in the bank reconciliation process.</p> <p>Cash receipts are reconciled to independent records. This includes comparing cash receipts to cash register tapes, and meter readings where applicable. This reconciliation is reviewed on a monthly basis by Finance.</p> <p>All cheques are printed with the imprinted signatures only after all supporting documentation is reviewed.</p> <p>Petty cash counts are done on a surprise and periodic basis.</p>
Q. Do you have a system in place, which periodically reviews the controls relating to receivables?	X		<p>Accounts receivable is reviewed on a periodic basis and any outstanding receivables are followed up for collection on a monthly basis. For overdue fines and Library materials, telephone and mail notices are sent and a collection agency is used.</p>
Q. Do you have a system in place, which periodically reviews the controls relating to inventories and other assets?	X		<p>An inventory is kept of all Library materials, vehicles and computer equipment (desktop computers, printers, servers and data communication equipment) connected to the network.</p>
Q. When was your last inventory review?	X		<p>Inventories of Library materials are updated in real time whenever a transaction involving Library materials occurs.</p> <p>Vehicles are verified and in use daily.</p> <p>A network management system maintains an automated inventory of computer equipment connected to the network and is normally updated every 2 days.</p>
Q. Do you have a system in place, which periodically reviews the controls relating to accounts payable?	X		<p>Accounts payable is current and paid on a regular basis.</p> <p>Authorizing signatures are required before a payment is made.</p> <p>A listing of accounts payable is maintained and supports the balance sheet amount.</p> <p>Old outstanding payables are followed up and cleared.</p>

- If no, explain when such a process will be established and if yes describe the system currently in place, including information on how often these controls are evaluated.

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Q. Are there controls in place to verify the use and existence of assets (equipment inventories etc.)?	X		<p>Adequate controls exist over the custody of the assets of the Library.</p> <p>At any given time, the status of Library materials is known. It is updated in real time whenever a transaction such as checkout by patron, transfer between branch locations or a withdrawal from branch collection in Library materials occurs. Guard security at the reference libraries and security devices on the majority of library materials help avoid theft.</p> <p>Vehicles are verified and in use daily.</p> <p>Computer equipment inventory database is updated whenever changes or additions occur and is updated every 2 days by the network management system.</p>
Q. How often are controls evaluated?	X		Controls are evaluated on a continuous basis

Statement of Revenue Expenditure

	Yes	No	Comments
Q. Do you have a system in place, which periodically reviews the controls related to revenues?	X		<p>There is a system in place where all branches report their revenue on a monthly basis to Finance. This report indicates the various types of revenues and is reconciled to the cash register tapes, bank deposits and other independent revenue records.</p> <p>Actual revenues are monitored against budget on a monthly basis and any significant variances are investigated and action taken as required.</p>
Q. Do you have a system in place, which periodically reviews the controls related to expenditures.	X		<p>Expenditures are made based on the Library's financial control and purchasing policy. In addition, expenses are compared to budget on a monthly basis to ensure expenditures are in line with the budget. Managers review detailed monthly departmental financial reports of actuals vs budget expenditures.</p> <p>Cheques greater than \$1,000 are reviewed by the Senior Accounting Clerk.</p> <p>Cheques greater than \$10,000 are reviewed by the Accounting Manager.</p> <p>Cheques greater than \$100,000 are reviewed by the Accounting Manager and the Director, Finance and Treasurer.</p>

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	Yes	No	Comments
Q. Do you have adequate and ongoing independent reconciliation and supervisory review of various accounts including bank accounts, receivable accounts, suspense accounts, investment accounts, employee advance accounts and inventory accounts?	X		All balance sheet accounts are analyzed on a monthly basis and reviewed independently by the accounting manager.

Compliance with City Policies

	Yes	No	Comments
Q. How are policies communicated to staff?	X		Policies are communicated to staff by presentations, e-mail or internal memos. Policies are distributed to all Level 5 & 6 Managers and are available to all staff. New policies are posted on the web-site as part of the Board agenda.
Q. How have you made staff aware of the fraud policy and ensured that all levels of management apply rigorous and consistent application and compliance?	X		The Fraud Policy was part of the Purchasing Training sessions for all non-union staff held in the fall of 2001. The Policy has been distributed to all Level 5 & 6 Managers.
Q. How have you made staff aware of the delegation of authority policy?	X		Delegation of Authority was part of the Purchasing Training sessions for all non-union staff held in the fall of 2001 and has been included in the Financial Control Policy approved by the Library Board in June 2003.
Q. How have you made staff aware of the conflict of interest policy and ensured that all levels of management apply rigorous and consistent application and compliance?	X		The Conflict of Interest Policy was part of the Purchasing Training sessions for all non-union staff held in the fall of 2001. The Policy has been distributed to all Level 5 & 6 Managers. All non-union managers signed the conflict of interest policy and will be asked to sign again as part of the 2003 performance appraisal. All RFP/RFQ's include the Policy and adherence is a condition for submitting proposal/bid.
Q. Have reports submitted to Council, that have financial implications (current and/or future) been reviewed by Finance prior to Council and/or Committee's consideration of the matter as per the Financial Protocols Policy?	X		Before going to Council, reports along with their financial implications are first submitted to the Library Board for authorization. The financial implications are reviewed by the Library's Director, Finance and Treasurer for accuracy and consistency of disclosure as per the Financial Protocols Policy.

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Use of Consultants

	Yes	No	Comments
Q. Has the engagement of all consulting services within their department have been made in accordance with the City's purchasing policies?	X		All Consulting services are made in accordance with the Library's <i>Policy for the Selection and Hiring of Professional Consultants</i> which is based on the City's policy.
Q. Has a justification analysis been prepared that outlines in general terms the costs and benefits of using a consultant, including reasons why the study couldn't be done by city staff in whole or in part?	X		A Business Case – Consultant form is used to provide justification analysis as a requirement of the Library's <i>Policy on the Selection and Hiring of Professional Consultants</i> . The form is reviewed by the Manager, Purchasing prior to authorization by the City Librarian. Included in the business case is the reason the work cannot be done by staff.
Q. Is the consultant or sub-contractor a former City employee and if so, is this contract in compliance with City policy?	X		Former City employees must meet the requirements of the City policy. All RFP/RFQ's include the Policy and adherence is a condition for submitting proposal/bid.
Q. Has all the appropriate information on existing consulting contracts been provided so that purchase orders can be processed by the Purchasing Agent?	X		The Library's Purchasing Manager reviews all consulting contracts prior to the issuing of a purchase order.
Q. Have steps been undertaken to ensure that: (a) measurable standards and acceptance criteria are included in contracts executed with consultants; (b) regular, properly documented, meetings are held with consultants to ensure that the consultant is meeting contractual obligations and performing as required; and (c) upon completion of a project, the consultant's performance is documented and made available for review to relevant City staff, including the Purchasing Agent, when considering consultants for new project?	X		Project Management Training has been provided to staff to ensure that consultants are meeting contractual obligations and performance. Each payment to a consultant must be properly documented and approved by the appropriate staff.
Q. Has the reporting of consulting expenditures been based on actual expenditures incurred and not on the value of contracts awarded unless specifically requested by Council?	X		Reporting of consulting expenditures is based on actual expenditures.
Q. Have departmental staff reviewed such accounts on a regular basis and made appropriate and timely accounting adjustments, where necessary?	X		Consultant expenditures are reviewed against budget on a quarterly basis.

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	Yes	No	Comments
Q. Have the Sole Source procurement decisions been made in accordance with the policy? (If not, was it subsequently tendered?)	X		A Business case template is used to justify a sole source / single source contract. When completed, this document is reviewed by the Purchasing manager prior to approval by the City Librarian. If the sole source / single source justification cannot be established, the contract is subject to a competitive process.
Q. Have all Sole Source procurement decisions been submitted to the purchasing agent (CAO where required) prior to issuance of a purchase order?	X		All sole source / single source requests are reviewed by the Purchasing manager and City Librarian prior to the issuing of a purchase order.

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