



**CITY OF RICHMOND**

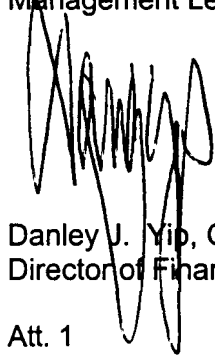
**REPORT TO COMMITTEE**

**TO:** General Purposes Committee  
**FROM:** Danley J. Yip, C.A.  
Director of Finance  
**RE:** **KPMG Management Letter**

**DATE:** August 24, 2001  
**FILE:** 1200-02

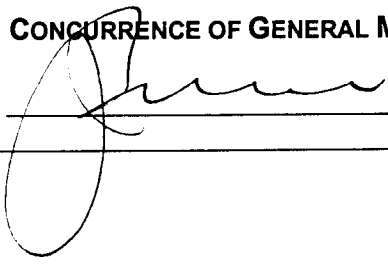
**STAFF RECOMMENDATION**

That the report (dated August 24, 2001, from the Director of Finance), regarding KPMG Management Letter, be received for information.



Danley J. Yip, C.A.  
Director of Finance

Att. 1

FOR ORIGINATING DIVISION USE ONLY		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
		

## STAFF REPORT

### ORIGIN

As part of the annual audit engagement, the City's auditors, KPMG, LLP – Chartered Accountants (hereafter "KPMG"), prepares a Management Letter, which brings attention to certain matters, which KPMG have encountered in the course of their work in examining the City's accounting records, financial systems and related internal controls. The Management Letter includes comments and recommendations provided by KPMG as well as an opportunity for City staff to respond accordingly.

### ANALYSIS

Don Matthew, the KPMG Partner-in-Charge for the City's audit engagement will be the designated speaker at the General Purposes Committee meeting on September 4, 2001 to discuss the Management Letter (see Attachment 1), as a result of their audit of the City's financial statements for the year ended December 31, 2000.

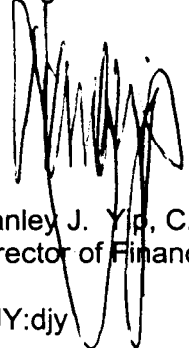
This year's Management Letter has been separated under 3 Appendices as follows:

- ◆ Appendix I outlines matters that have been carried forward from KPMG's 1999 Management Letter that have been rectified in 2000.
- ◆ Appendix II outlines matters that have been carried forward from KPMG's 1999 Management Letter that have not been fully rectified in 2000.
- ◆ Appendix III outlines new matters that have arisen from the 2000 year-end audit

City management staff have provided a response to all items that have been identified under Appendix II and III.

### CONCLUSION

That the report (dated August 24, 2001, from the Director of Finance), regarding KPMG Management Letter, be received for information.



Danley J. Yip, C.A.  
Director of Finance  
DJY:djy



KPMG LLP  
Chartered Accountants  
Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada

Telephone (604) 691-3000  
Telefax (604) 691-3031  
www.kpmg.ca

**PRIVATE & CONFIDENTIAL**

Mr. Jim Bruce  
Finance & Corporate Services Administrator  
The City of Richmond  
6911 No. 3 Road  
Richmond BC V6Y 2C1

August 15, 2001

Dear Mr. Bruce

We recently completed our examination of the financial statements of the City of Richmond (the "City") for the year ended December 31, 2000. The primary purpose of our examination is to enable us to form an opinion on the City's financial statements for the year ended December 31, 2000. As part of our examination, we reviewed and tested the City's financial systems and related internal controls as required by Canadian generally accepted auditing standards. Our study and evaluation with respect to these financial systems was not designed for the purpose of expressing an opinion on internal controls. It would not necessarily disclose all weaknesses in the systems. The purpose of this letter is to bring to your attention certain matters which were encountered in the course of our work and to offer our comments and recommendations.

We have not reviewed these matters since March 30, 2001, the date of our auditors' report. These comments, by their nature, are critical, as they relate solely to weaknesses and do not address the many strong features and controls within the City's systems. We would be pleased to discuss our comments and recommendations with you and to assist with implementation of the recommendations.

Our recommendations are presented in the attached appendices in three sections. First, we have brought forward points from our 1999 letter which have been satisfactorily rectified. Second, we have brought forward matters from 1999 which have not yet been fully rectified. And third, we have included new matters which have arisen this year.

We would like to take this opportunity to thank you and the staff of the City for the helpful and courteous manner in which we were treated during the course of our audit.

Yours very truly

Don Matthew  
Partner  
(604) 646-6383

cc: George Duncan, Chief Administrative Officer  
Office of the Mayor

KPMG Rmd Management Letter.doc



## **MATTERS CARRIED FORWARD FROM 1999 THAT HAVE BEEN RECTIFIED**

### **INVESTMENTS**

#### **Interest allocation**

The City used the 1998 average rate of return on investments to determine its threshold when allocating investment income to its various funds and reserves. As the average rate of return in 1998 is different than that for 1999, investment income was misallocated to funds and reserves. Although the differences were not material, the fund and reserve balances were misstated.

#### Recommendation

The City should ensure that the appropriate average rate of return is used to allocate investment income to its funds and reserves.

#### Management response from 1999

*We concur with the above recommendation.*

#### Status in 2000

The correct rate was used in 2000.

### **ACCOUNTS RECEIVABLE**

#### **Accounting for deposits received**

The City records firm price fees received for projects into the Public Works receivable account to offset future project costs. When the project is complete, there could be a credit/debit balance in the account for the particular project, depending on whether costs were less/greater than fees received. The City's policy is to recognize in revenue credit balances associated with a particular project in the period the project is completed as fees received are non-refundable. At December 31, 1999 this policy was followed with the exception of certain amounts. The total of these amounts was not material to the financial statements.

#### Recommendation from 1999

The credit balances should be reclassified to either revenue or deferred revenue depending on whether the project is complete or incomplete to avoid understating accounts receivable and revenue and properly recognizing revenue in the period it is earned (i.e., at the completion of a project). Proper monitoring of the Public Works receivable accounts ensures revenue is properly and completely recognized in the correct period.

Management response from 1999

*For the 1999 year end, any revenue or losses related to firm price connections have been recognized in the income statement. The remaining credit balances relate to deposits received for work not completed or begun. As a result of the implementation of the new Peoplesoft Accounts Receivable and Billings systems, all deposits received have been identified and recognized in the general ledger as Security Deposits-Public Works. On the financial statements they have been classified under liabilities as Deposits and Holdbacks.*

Status in 2000

The credit balances were properly reclassified in 2000 except for an immaterial item which was missed.

**ACCOUNTS PAYABLE****Recording of invoices**

Invoices for goods or services received by the requisitioning department are not immediately being forwarded to the Accounts Payable department for processing throughout the year. Sometimes, projects are closed out for accounting purposes without all the attributable costs being recorded to the applicable project. Although at year end the invoices are accounted for, those not submitted for processing on a timely basis are not recorded against the appropriate project for internal reporting purposes.

Recommendation

All invoices should be forwarded to the Accounts Payable department in a timely fashion to ensure accurate internal reporting.

Management response from 1999

*We are aware of certain departments not forwarding invoices to the Accounts Payable department in a timely manner for processing. However, as the auditors have noted, at year end this was not a problem as staff ensured that all invoices were properly accounted for in the correct accounting year.*

Status in 2000

The City should continue to ensure that all departments forward invoices to the Accounts Payable department on a timely basis for processing. As in the prior year, however, there did not appear to be any significant unrecorded liabilities or cut-off issues at the year end.

## PAYROLL

### Gratuities

The City's Payroll Department manually inputs accumulated gratuity hours into PeopleSoft on a semi-annual basis. In the past, payroll clerks have reviewed each others work. However, in 1999, due to time constraints, no review was performed.

#### Recommendation in 1999

Given the susceptibility of manual entry to human error, the City's Payroll Supervisor should review the payroll clerks' entries for reasonableness.

#### Management response in 1999

*The Manager of Payroll and Benefits had reviewed the calculation of accumulated gratuity hours to December 31, 1999. For the calculation of the accumulated gratuity hours for the six month period ending June 30, 2000, there will be a review conducted by the Payroll Supervisor before and after the input of the gratuities information.*

#### Status in 2000

The calculation of gratuity hours and data input are done by payroll clerks. The worksheet calculating gratuity hours was reviewed by the Benefits Assistant. In addition, the Benefits Assistant also ran queries from the database to verify the accuracy of the data input.

### Payroll summary reports

The City's Payroll Summary Reports are grouped by pay groups while the general ledger groups salary expenses by departments and work orders. As a result, departmental reconciliations between the Payroll Summary Reports and the general ledger are not possible.

#### Recommendation from 1999

The City should modify its Payroll Summary Reports to summarize payroll information by department in order to facilitate reconciliations between the report and the general ledger.

#### Management response from 1999

*The Payroll department will discuss with IT to develop a report to provide a reconciliation between the Payroll Summary reports grouped by pay groups and the department information in the general ledger.*

Status in 2000

This matter remains outstanding.

Management response for 2000

*Payroll costs for the City are not only charged to department accounts, but also to work orders. The payroll costs related to work orders are recorded in receivables, capital accounts, waterworks/sewerworks accounts, etc. throughout the City. Therefore, it is not possible to develop a report reconciling the costs by Pay Groups to the department accounts in the General Ledger.*

*Payroll costs and the related fringe overhead costs are posted to the General Ledger each pay period through a Payroll Journal. Since budgets are established for departmental salaries/work orders and managers are held accountable for these budgets, actual expenses are reviewed regularly by managers for any exceptions. Consequently, the risk of errors is low.*

## MATTERS CARRIED FORWARD FROM 1999 THAT HAVE NOT YET BEEN FULLY RECTIFIED

### INVESTMENTS

#### Accrued interest

The timing of revenue recognition for investment income does not always match the timing of when it is earned. This issue was raised last year and procedural changes were made and agreed to by management and the auditors. However, during our audit, it was noted that for 1999 the procedures had not been applied correctly such that year end calculations and working papers had to be redone by City staff.

#### Recommendation from 1999

The revised calculations and working papers were prepared correctly and such analysis should be done this way in future years.

#### Management response from 1999

*For the 1999 year, the City's policy is to defer and amortize premium amounts greater than \$50,000 over the term of the investment. Amounts less than \$50,000 are to be expensed against interest income for the year. In addition, discounts/coupons greater than \$50,000 are to be deferred and amortized over the term of the investment. Amounts less than \$50,000 are to be recognized as interest income in the year.*

*The policy adopted by the City for 1999 and thereafter is to calculate accrued interest receivable at the year end on a compounding basis rather than on a straight-line basis. Any errors found have been corrected by staff prior to the finalization of the financial statements.*

#### Status in 2000

The City is following its policy of deferring and amortizing premiums and discounts greater than \$50,000 over the term of the investment and recognizing premiums and discounts less than \$50,000 in income immediately. The City is also using amortization schedules to calculate interest income and the related interest receivable on a compounding basis, when appropriate.

However, there were several errors made in the calculation of interest income and accrued interest as at December 31, 2000 including the following:

- Several miscalculations in the amortization schedules.
- An incorrect opening balance for accrued interest receivable.



- An omission of the opening accrued interest receivable balances for investments purchased in prior years that matured in 2000. This caused the related interest income to be incorrectly calculated.

After accrued income was calculated (at year-end only), the total investment income for the year was allocated to various reserve accounts. For 2000, the investment income amount allocated to the reserves was incorrect for the reasons noted above. This resulted in inefficiencies for both City staff and KPMG as these entries had to be corrected, reversed and redone.

#### Recommendation for 2000

The calculation of both accrued interest and interest income should be reviewed for accuracy prior to the allocation to the reserve accounts and before the working papers are subject to the audit.

Management may wish to consider preparing accruals on an a periodic basis rather than at year-end only.

#### Management response for 2000

*We will review the accrued interest and interest income for accuracy prior to allocating to the reserve accounts. However, there may be some challenges faced in accruing all the securities on a periodic basis as several of them have call options that may result in duplication of effort in that they will have to be reversed and reallocated.*

*The main reason for the errors in 2000 was the fact that the template we were using for calculating the amortization had systematic formula errors resulting in incorrect accrued interest balances. This has subsequently been corrected.*

## CAPITAL ASSETS

### Non-City Sources of Funding

The City receives donations, contributions, and grants from outside sources. Grants are recorded in the Work in Progress (WIP) Grant Revenue Sharing account while all other non-city sources of funding are recorded in the WIP Investment account. However, when a project is capitalized, the WIP Grant Revenue Sharing account is credited for the entire amount of the non-city sources of funding, consequently causing the WIP Grant Revenue Sharing account to be understated and the WIP Investment account to be overstated. Although it has no effect on the financial statements and we understand this accounting is done as a way of tracking these sources of funding, this should be properly accounted for in order to have correct account balances.

Recommendation for 1999

When a project is capitalized, the City should credit the WIP Grant Revenue Sharing account for the amount of non-city sources of funding related to grants, and credit the WIP Investment account for the remaining non-city sources of funding.

Management response from 1999

*This item has been carried forward from the previous year. The accounts mentioned are never reviewed individually and as noted by the auditors, it has no effect on the financial statements. We are in the process of reviewing our current accounting procedures regarding WIP Grant Revenue Sharing and WIP Investment and the account balances will be retroactively corrected*

Status in 2000

The status is unchanged.

Management response for 2000

*There is no impact on the financial statements. We will change the name of the Peoplesoft account to more accurately reflect its use. The account should be called WIP Non-City Sources of Funding rather than WIP Capital Revenue Sharing Grant which appears to be the cause for confusion.*

**ACCOUNTS PAYABLE****Accruals**

The City often allocates a portion of interest income directly to accrual accounts, such as the gratuities accrual account. This has the effect of understating interest income in the statement of financial activities and does not accurately reflect the allocation of revenues to these accrual accounts.

Recommendation from 1999

All interest income should be recorded as such in the statement of financial activities. The allocation of some of this interest income to accrual accounts should also be recorded through this statement.

Management response from 1999

*We concur with the above recommendation.*

Status in 2000

The City continues to allocate investment income directly to the gratuities accrual account. As a result, interest income in the statement of financial activities continues to be understated. This difference formed part of our differences which in the aggregate were not material to the financial statements.

Management response for 2000

*There are two gratuity accounts that the City uses. One is for exempt employees gratuities and the second one is for unionized employees gratuities. The exempt employees gratuity program has been discontinued. The amount in the accrual account was earned when the program was in place and will be paid out when the qualifying employees leave the City at some future date. The program stipulated that the existing contributions in this account would grow at the annual investment rate of return, hence, investment income was allocated to this account.*

*On the other hand, the unionized gratuities program is still in place and the accrual account gets built up based on an employee's current earnings level. The gratuity payouts are made at a future date and are based on an employee's earnings level at that point in time. Consequently, annual investment income was allocated to this account's annual balance in order to keep pace with the inflationary earnings.*

*We will comply with your recommendation and will stop directly allocating investment income to these accounts. We will ensure that the resulting investment income does go directly to the interest income account on the statement of financial activities and will instead reflect the interest contributions to these accounts as expenses.*

**INFORMATION TECHNOLOGY****Off-site backups**

The City stores its daily backup tapes at an off-site location in Vancouver once per week. During the week, the daily backup tapes are stored in a tape library in the computer room. The City could potentially lose up to one week of data and program changes if a significant disaster such as a fire or flood were to take place in the City's main computer room. Most organizations take their critical backup tapes off-site on a daily basis. Since the City is becoming more reliant on its information systems (e.g., PeopleSoft, document imaging), more frequent backup procedures are necessary. The City is planning to implement a better backup process which may eventually involve continuous transmission of data to an off-site facility.

Recommendation from 1999

We support the City's efforts to implement a better backup process. We strongly recommend that the City store its backup tapes at a secure off-site location on a daily basis until a better solution is implemented.

Management response from 1999

*We concur with the above recommendation. Implementation of this project is presently underway and will be completed this year.*

Status in 2000

The City continues to perform backups on a daily basis. These are not, however, stored off-site but plans have been made to implement this within the next few months.

Management response for 2000

*Daily backups are being picked up every day beginning in August 2001 and stored at Iron Mountain Storage's (formerly FACS Canada) vault facility.*

**Manual payroll cheque controls**

Most of the City's payroll disbursements are automated by the PeopleSoft Human Resource Information System. Each pay period, the City also prints some "manual" payroll cheques to satisfy various employee requests. However, the City's PeopleSoft Payroll system does not print an electronic cheque number on these "manual" cheques. When the bank scans the cheques, the cheque numbers do not appear on the bank statement. Without cheque numbers, bank reconciliations are more difficult and time-consuming, and there is an increased risk of fraud or error.

Recommendation from 1999

We recommend that the City address this control weakness as soon as possible by modifying the PeopleSoft system to print the cheque number in both human and machine readable form on each cheque.

Management response from 1999

*We concur with the above recommendation. The City is aware of this issue and implementation should be completed by June 2000.*

Status in 2000

This issue is still under development. The PeopleSoft application is unable to provide the required functionality and the City is currently investigating the feasibility of purchasing 3rd party software to provide this functionality.

Management response for 2000

*The City is currently reviewing the capabilities of the PeopleSoft HRMS 8.0 upgrade module as a solution to the above-noted matter and still trying to determine the feasibility of purchasing a third party software.*

**Disaster recovery planning**

The City has developed a formal plan to recover its information systems in the event of certain types of disasters, but the plan has not been fully tested. Also, the plan addresses recovery of the City's information systems, but it does not address continuity/recovery of the City's critical business processes. Meanwhile, a proposal to revise the City's overall disaster recovery plan, of which IT is one component, has been submitted to Council. As the City becomes more dependent upon information technology, the need for a fully tested disaster recovery plan becomes increasingly important. However, critical City services must continue to operate while and after IT systems are restored in the event of a disaster. Therefore, it is important that the City's disaster recovery plan address not only the IT systems, but also continuity of key business processes. Without a fully integrated and tested recovery/contingency plan, which includes core business processes and related support processes such as IT, the City may experience significant downtime and incur financial losses in the event of a disaster.

Recommendation from 1999

We support the City's efforts to update and test its disaster recovery plan. We recommend that the City expand its disaster recovery plan to address continuity and recovery of its key business processes in the event of a disaster. Also, since the City and its information systems will all be relocating to the new City Hall building in 2000, we recommend that the City consider the impact of this move on its current disaster recovery plan and other controls.

Management response from 1999

*Continuity and recovery of key business processes is all part of the disaster recovery plan and is presently being updated and put in place.*

Status in 2000

The disaster recovery plan has not been updated to include key business processes and contingency plans.

Management response for 2000

*The City is in the process of developing a new disaster recovery plan in concert with the implementation of new technology solutions as well as the City's overall review of alternative backup sites.*

### **Termination procedures**

Last year the City did not have a formal procedure to ensure timely removal of employee computer privileges upon termination. The City has now developed a draft termination checklist designed to ensure that the Information Systems department is informed of all employee terminations, and removes related computer access on a timely basis. We understand Human Resources is reviewing this checklist which will be updated to reflect the current environment.

#### Recommendation from 1999

We recommend that this new policy be formally approved and endorsed by senior management, and implemented as soon as possible. The City should consider similar procedures to review systems privileges and data access when employees change positions, roles and responsibilities.

#### Management response from 1999

*We concur with the above recommendation. This issue is a priority to the City and is currently under review and will be updated and implemented as soon as possible.*

#### Status in 2000

This issue has been included in the "Use of IT Resources" draft policy that has been developed and is currently awaiting finalization before submission to Council for formal approval.

#### Management response for 2000

*The "Use of IT Resources" policy and procedures has been approved and adopted by Council in July 2001.*

### **Security policies and procedures**

The City began updating its formal policies and procedures in 2000 and intends to continue reviewing and updating them on an annual basis. The document addresses security requirements for most of the City's significant information systems, but responsibility for approving access to key applications is vague.

#### Recommendation from 1999

We support the City's efforts to update its formal policies and procedures. As these policies are updated, they should be formally approved by senior management and communicated to all employees with access to City information systems. We recommend that the draft security policy specify the need for individuals responsible for ownership and approving access to each significant application, module, or data set along with a formal procedure to review and approve access requests. Ideally, requests for access to key applications should be initiated by the user's supervisor to ensure that the access request is based on the user's role and responsibility and to ensure appropriate segregation of duties. However, final approval should rest with the manager of

the department that owns the data or application. This should include approving access to particular modules or functions within an application (e.g., PeopleSoft) and could initially be conducted based upon job classification, and then on an exception basis. Finally, user access privileges should be reviewed on a periodic basis for currency.

Management response from 1999

*We concur with the above recommendation and will update our policy to clarify that the owner of the application (manager of the department) is overall accountable and responsible for approving user access for applications they own. Current practice is the Information Systems department ("IS") adds users based on requests from Human Resources and/or the manager of the department. Before a user is added, IS reviews the request for reasonableness and if the request does not appear reasonable, IS contacts the manager to determine why such access is required.*

Status in 2000

This issue has been included in the "Use of IT Resources" draft policy that has been developed and is currently awaiting finalization before submission to Council for formal approval.

Management response for 2000

*The "Use of IT Resources" policy and procedures has been approved and adopted by Council in July 2001.*

## NEW MATTERS ARISING FROM THE 2000 AUDIT

### CASH AND TREASURY

#### Reconciling items

In several cases, the cash balances in the general ledger were not adjusted to reflect all reconciling items identified on the bank reconciliation.

#### Recommendation

While none of these amounts were material, all of these items should be recorded.

#### Management response

*We concur and will ensure that these balances accurately reflect the reconciling items.*

#### Segregation of duties

At the time of our audit, the following functions were performed by the Manager, Treasury Services:

- Investing activity
- Recording and tracking of investments
- Review of the bank reconciliations
- Preparation of journal entries
- Handling cash (buying and selling, receipt of income etc.)
- Cash flow management

The fact that one person performs these functions raises the possibility of the misappropriation of funds without timely detection.

#### Recommendation

Management should review the duties performed by this individual and segregate them where practical. KPMG has assisted other municipal entities with the development of an integrated treasury risk framework and would be pleased to assist or provide more information.

#### Management response

*Due to staff shortages and the loss of key personnel, all of the above-noted duties were assigned to the Manager, Treasury Services. These duties have since been reviewed and additional staff have been employed to ensure the segregation of duties. Also, to mitigate any breach of duties, it is the City's policy to ensure that all investments and transfers of cash are authorized by a third party signatory. Consequently, the Manager, Treasury Services does not have any signing*



*authority but is allowed under the provisions in the Investment Policy to conduct financial transactions on behalf of the City.*

#### **Cash flow management**

Currently, the City does not prepare long-term cash flow projections on a regular basis. As a result, the bank has been overdrawn at certain points during the year (including December 31, 2000) and interest expense has been incurred. Also, certain investment vehicles are sometimes sold to obtain funds and then repurchased within a few days which results in the loss of opportunity to earn investment income.

#### **Recommendation**

Long-term cash flow projections should be prepared regularly and reviewed by management. Steps should be taken to minimize overdraft positions and the loss of investment earning opportunities.

#### **Management response**

*The City's cash flow projections are updated on a daily basis and are prepared for a rolling one month period. The overdraft interest at fiscal year-end was mitigated by interest income earned on higher overnight rates of return. Every effort is made by the Treasury Services section in the Finance Department to ensure that all City investments earn the highest rates of return.*

### **ACCOUNTS RECEIVABLE**

#### **Reconciliation of subledger**

At December 31, 2000, there was a \$3 million discrepancy between the General Receivables account 1010-10 in the general ledger and the supporting balance in the accounts receivable subledger. This discrepancy arose due to several on-line journal entries being posted to the general ledger, but not being picked up in the accounts receivable subledger. The differences between the two would likely have been identified if monthly reconciliations were being performed.

#### **Recommendation**

The accounts receivable subledger should be reconciled to the general ledger on a monthly basis and all reconciling items should be appropriately adjusted.

#### **Management Response**

*We concur with this recommendation. In future, we will ensure that there is a monthly reconciliation between the general ledger and accounts receivable subledger.*

## ACCOUNTS PAYABLE

### Authorization of Corporate Visa Card Expenses

The City has issued more than 400 Visa cards to staff for various purchases including airfare, hotel, and meals. As part of our audit, we examined Visa purchase reports on a test basis to ensure that the charges had been properly authorized and that receipts had been attached. None of the reports we examined were signed by the department supervisor and in some instances no receipts were attached. This poses a risk in that staff could use the cards for personal use.

#### Recommendation

All expense reports should be reviewed and authorized by the department supervisor, who should also ensure that appropriate receipts are attached.

#### Management Response

*We concur with the above recommendation and will tighten our controls with regards to Corporate Visa Card expenses.*

## PAYROLL

### Vacation liability

The vacation liability amount accrued in the accounts at December 31, 2000 was \$1.6 million. The City's estimation of the liability was \$2.8 million resulting in an understatement of the vacation liability of \$1.2 million. This difference formed part of our audit differences which in the aggregate were not material to the financial statements.

#### Recommendation

The vacation liability should be fully accrued in the future.

#### Management response

*We will ensure that the Vacation Liability account is fully accrued in future. If there is an arising Surplus in 2001 we will use it to cover the current shortfall of \$1.2 million.*

### Payroll maintenance forms

We understand that City policy requires that maintenance forms, which are used to initiate new hires or payroll changes, be approved by both the Payroll and Human Resources Departments. We examined a sample of these documents and noted that several forms were missing the signature from the Payroll Department.

**Recommendation**

All maintenance forms should be properly authorized by both departments.

**Management response**

*Payroll maintenance forms are initiated by the HR department to advise Payroll of hires or changes to employee data. These forms are date stamped with a "Payroll Stamp" as indication of acceptance by Payroll. Although these documents are not always signed off by the Payroll clerk, it is not a problem to identify the clerk who has been responsible for the processing the information since each clerk is assigned specific Pay Groups.*

**OTHER****Municipal Affairs Reporting Forms - School Act (M59)**

School Tax collected during September is to be remitted to the Minister of Finance and Corporate Relations on or before the tenth business day of October. For 2000, this remittance was to have been made by October 16, 2000. The actual transaction date for the remittance was October 17, 2000, one day past the due date.

**Recommendation**

All School Tax collections should be remitted to the Minister of Finance and Corporate Relations in accordance with the due dates stated in Part 8 of the School Tax Act.