



Office of the Auditor General / Bureau du vérificateur général

AUDIT OF PINE VIEW MUNICIPAL GOLF COURSE

2010

VÉRIFICATION DU TERRAIN DE GOLF MUNICIPAL PINE VIEW

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EXECUTIVE SUMMARY

Introduction

The Audit of the Pine View Municipal Golf Course (PVMGC) was included in the 2010 Audit Plan of the Office of the Auditor General, first presented to Council in November 2009 as part of the 2008 Annual Report.

Background

The Pine View Municipal Golf Course began operations in 1972 under the auspices of the City of Ottawa and City of Gloucester. In 1999, the City of Gloucester became its sole owner until 2001 when the new City of Ottawa was created. The Golf Course is located at 1471 Blair Road on land leased from the National Capital Commission at an annual rent of \$1.00. The property is leased for a 50 year term expiring in 2024.

Pine View offers two 18-hole courses and a Pro Shop; hosts tournament; offers golf lessons and is a banquet facilities for weddings.

Its mandate is “to acquire, alter, maintain, operate and manage a recreational area, to be known as Pine View Municipal Golf Course, with the following objectives:

- To provide the residents of Ottawa, golf and related services at rates affordable to the average person.
- To improve the quantity and quality of all services, responding to the needs of the user, and remain competitive in the market place.
- To fully operate as a profit centre for the full business year, endeavouring to provide valued cost-effective services for as many months of the calendar year as practical.
- To contribute positively to the Region’s green space and recreational facilities through prudent environmental conscience management and development of the golf course and related services.”

Per Pine View Municipal Golf Course audited financial statements as at December 31, 2009, revenues totalled \$1,767,300 and operating expenditures \$1,651,800; resulting in a profit of \$115,500. Profits are kept by the City in a special account to offset any deficit or fund future capital improvements or equipment. At the beginning of fiscal 2009, the City of Ottawa had advanced cash to Pine View Municipal Golf Course in the amount of \$340,600. As at December 31, 2009 this amount was decreased to \$225,100. Since 2007, the City no longer charges interest on advances and loans made to the Golf Course.

The Pine View Municipal Golf Course Board of Management (the Board or Board of Management) is composed of 10 members; 4 Council-appointed volunteers; 6 Council appointed Councillors. Bi-annually, during the annual general meeting, a Chair is selected. The selection of the Chair position alternates between elected officials and volunteers from the public. In July 2010, the new Chair (volunteer member of the public) began a two-year term. Further changes to the elected officials on the Board came as a result of the 2010 municipal election.

Audit Scope, Objectives and Criteria

Scope

The audit included a review of financial processes of Pine View Municipal Golf Course. For the purpose of this engagement, any self contained functions, such as a store/boutique, a bar, etc., were considered within scope.

The audit examined Pine View's financial activities and transactions related to 2008 onward. The bulk of the transactions reviewed took place in 2009. The initial plan for this audit called for a review of operations at Pine View, however as a result of the issues identified early in the audit it was determined that a more focussed review of financial transactions was warranted.

Objectives/Criteria

Audit objective/criteria 1

To assess if:

- The facility's policies and procedures are effective and efficient;
- Assets and thereby the interests of the City of Ottawa are safeguarded ; and,
- The facility is compliant with its governing policies and procedures.

Audit objective/criteria 2

To assess if individual facilities offer services to the public in both official languages.

Summary of Key Findings

Our review of the Pine View Municipal Golf Course revealed that:

- The governance and reporting structure should be reviewed;
- There is a need for an enhanced role from the Board of Management in overseeing operations;
- There was a lack of adequate monitoring of revenues and expenditures by the City's Finance Department;
- There were questionable transactions by the General Manager;

- The financial policy and procedures manual was inadequate and not being followed;
- Pine View management expressed reluctance in adopting the City's policies and procedures and expressed the view that they are only accountable to their Board and to their external auditors;
- Agreements between the City and Pine View are outdated and require updating and as such respective roles, responsibilities and authorities are unclear and not documented. The City and the Pine View Board of Management have not entered into a formal operating agreement, therefore City of Ottawa policies are difficult to enforce; and,
- There are deficiencies in the provision of French-language services at the PVMGC.

Recommendations and City Management and PVMGC Board of Management Responses

Recommendation 1

That, as part of the mid-term governance review carried out by the Clerk's office, a review of Pine View Municipal Golf Club be undertaken to determine if there is a need for changes to the governance structure, including incorporating it into the Parks, Recreation and Culture Department as a program delivered directly by the City.

City's Management Response

Management agrees with this recommendation.

As part of its mid-term governance review, City Clerk staff will review the current governance structure of the Pine View Municipal Golf Course to determine if there is a need for change by Q4 2012.

Recommendation 2

That the Board of Management in conjunction with Legal Services review, define and document the role of City administration (Finance, Human Resources, Information Technology, etc.) in monitoring and supporting the operations of the Pine View Municipal Golf Course within an agreement, much like was done with the Ottawa Municipal Campground.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The Board will formalize the relationship with the City administration to define the roles and responsibilities vis-a-vis Finance, HR, IT, Legal Services and the Clerk's Office.

City's Management Response

Management agrees with this recommendation.

As part of the Governance Review report that was approved by Council on December 8th, 2010, the City Clerk and Solicitor department identified the need to work with local boards, of which Pine View Municipal Golf Course is one, to ensure their compliance with the relevant sections of the *Municipal Act, 2001* which require local boards to establish a procedure by-law, as well as to "adopt and maintain" policies with respect to the sale and other disposition of land, the hiring of employees and the procurement of goods and services. The adoption and maintenance of these required policies will assist City administration in monitoring and supporting the operations of the Pine View Municipal Golf Course by providing City staff with the relevant guidelines to do so. Should it be deemed that an agreement is necessary staff will work with Pine View's Board of Directors to negotiate and finalize same.

The City Clerk and Solicitor department is currently working with local boards and expects completion of this review by Q4 2012.

Recommendation 3

That the PVMGC develop a comprehensive policy and procedures manual by either adopting City of Ottawa policies and procedures or developing their own that fully meets all business needs of the operations.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The PVMGC Board of Management initiated this action by motion dated November 4, 2009 requiring operating and management policies in consultation with City of Ottawa staff. This was further reinforced at the Board meeting of June 13, 2011 by motions to begin implementation of the AG recommendations as per Board response to this report.

Recommendation 4

That the PVMGC Board sanction this policy and procedures manual for the Golf Course.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Draft policies and procedures manual to be brought to Board for approval, Q4, 2011.

Recommendation 5

That the PVMGC Board approve, after due consideration, future revisions to policies and procedures.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Draft policies and procedures to include approval date and revised dates.

Recommendation 6

That, at all times, the PVMGC submit original receipts to support all expenditures (e.g., credit card, Imprest account, payment without reference, etc.) and that created invoices/receipts no longer be used.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The requirement for original receipts will be documented in all purchasing policies of the Board.

Recommendation 7

That the City not accept or process any transaction without authentic documentation to support the expenditures.

City's Management Response

Management agrees with this recommendation.

The City's Finance department will ensure that transactions are processed with authentic documentation to support the expenditures.

Recommendation 8

That the PVMGC conform to City policy and procedures (unless otherwise noted/accepted by the Board) and that the City's Finance Department question any expenditure that does not meet City criteria and/or Board approved criteria.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Draft policies and procedures manual to be brought to the Board for approval, Q4, 2011.

City's Management Response

Management agrees with this recommendation.

As financial policies and procedures are approved by the PVMGC Board, the Finance department will ensure that they are adhered to.

Recommendation 9

That the PVMGC establish a travel policy to be approved by its Board of Management.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. A PVMGC Travel Policy will be presented to the Board for approval, Q4, 2011.

Recommendation 10

That the PVMGC use Travel Claim forms to reconcile and document travel.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Travel claim forms will be included as part of Travel Policy to be presented to the Board for approval, Q4, 2011

Recommendation 11

That the PVMGC Board of Management approve the use of the City's per diems or set a per diem upset limit for PVMGC employees.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Per diems to be included in the Travel Policy to be presented to the Board for approval, Q4, 2011.

Recommendation 12

That the PVMGC use Car Mileage Claim forms to request reimbursements for the use of their personal vehicle; and, that its Board approve the use of the City's mileage rate or set a mileage rate for PVMGC employees. (In the case of the General Manager, the rate used should match his/her employment contract.)

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Car mileage policy to be included in draft Policy and Procedure Manual to be presented to the Board for approval, Q4, 2011.

Recommendation 13

That the PVMGC Board approve the biweekly car allowance for Food and Beverage Manager.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. PVMGC Board approved the biweekly car allowance for the Food and Beverage Manager at its June 30, 2011 meeting and will review this allowance on an annual basis as part of the annual budget approval process.

Recommendation 14

That the PVMGC implement controls to minimize loss or inappropriate use of the petty cash funds and floats and that their safeguards be strengthened.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. City of Ottawa Corporate Petty Cash funds and Change Floats policy to be adopted by the PVMGC Board, Q4, 2011.

Recommendation 15

That the City's Finance Department periodically undertake unannounced counts and a reconciliation of the petty cash fund and all five change floats.

City's Management Response

Management agrees with this recommendation.

The City's Finance department will periodically undertake unannounced counts and a reconciliation of the petty cash fund and all five change floats.

Recommendation 16

That, in accordance with the City's cash handling policies and procedures, PVMGC record and report promptly to Finance Department overages, shortages, losses and theft.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation and it has been implemented. As of June 2011, Pine View has been recording and reporting to Finance all overages, shortages, losses and thefts on their regular deposits as per the City's Cash Handling Policies and Procedures.

Recommendation 17

That the PVMGC number of floats be decreased until it can be proved that they are required.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. All floats reviewed and approved by Board, June 30, 2011.

Recommendation 18

That the PVMGC return to the practice of having the cashier(s) balance their till to the day's sales at the end of each shift.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The implementation of the Visual Touch system will provide cashiers with appropriate reporting documentation to balance daily sales at the end of each shift. Implementation of Visual Touch system to be completed Q4 2011 at which time all cashiers will balance their till to the day's sales at the end of each shift.

Recommendation 19

That the PVMGC cease the practice of altering revenues and report all overage and underage.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. All overages and underages reported as of Q2, 2011.

Recommendation 20

That the Finance Department request that the equivalent of the x and z tapes accompany the deposit.

City's Management Response

Management agrees with this recommendation.

Finance will work with Pine View to review potential solutions. Finance understands that Pine View is implementing a new Point of Sale system which should provide balancing reports that are the equivalent of the x and z tapes. The implementation and timing of this recommendation is dependent upon Pine View implementing Recommendation 20. This system needs to be reflected in the PVMGC procedures.

Recommendation 21

That the Finance Department not reimburse any employees or vendors without proper supporting original documentation.

City's Management Response

Management agrees with this recommendation.

The Finance department will not reimburse any employee or vendor without proper supporting original documentation.

Recommendation 22

That the PVMGC create a policy to be approved by the Board, specifically outlining who the gratuities belong to; how they will be handled; and, distributed.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Gratuity policy to be included in Policies and Procedures manual to be presented to the Board for approval, Q4, 2011.

Recommendation 23

That the PVMGC fully inform its employees on the distribution and breakdown of gratuities and purpose of any deductions.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Following the approval of the Gratuity in Q4, 2011, all staff will be informed of the distribution and breakdown of gratuities and the purpose of any deduction.

Recommendation 24

That the PVMGC develop a sick leave policy to be approved by its Board of Management.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. A leave policy will be included in the draft Policies and Procedures manual to be presented to the Board for approval, Q4, 2011.

Recommendation 25

That the PVMGC ensures that all personnel are fully informed of the sick leave policy and that any sick leave days be captured.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. All personnel will be fully informed of the sick leave policy and in conjunction with the City of Ottawa payroll department, ensure that any sick leave days are captured, following Board approval of the Leave policy to be presented in Q4, 2011.

Recommendation 26

That the PVMGC record all overtime on the timesheet provided to Payroll.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. A new payroll reporting process was designed in conjunction with City of Ottawa payroll staff and implemented as of July 14, 2011 which records all overtime on the timesheet provided to payroll.

Recommendation 27

That the PVMGC invest in a cash register for the office and not use manual receipts.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. PVMGC to implement Visual Touch computerized system which will provide all the functionality of a cash register and produce automated receipts, Q4 2011.

Recommendation 28

That the PVMGC create a policy on the use of the Imprest chequing account.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The Imprest chequing account policy is to be included in the Policies and Procedures manual to be presented to the Board for approval, Q4, 2011.

Recommendation 29

That the PVMGC only use the Imprest chequing account for purchases that cannot be paid using normal processes.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The Imprest Chequing account policy will be included in the Policies and Procedures manual to be presented to the Board for approval, Q4, 2011. This policy will outline the types of purchases that can be made using the Imprest account.

Recommendation 30

That the PVMGC issue cheques to specific vendors and not to "Cash".

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. This recommendation will be included in the Imprest Chequing account policy as per recommendation #28.

Recommendation 31

That the PVMGC reimburse employees through a City issued cheque as opposed to using the Imprest account.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. This recommendation will be included in the Imprest Chequing account policy as per recommendation #28.

Recommendation 32

That the PVMGC provide equivalent services in both official languages.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. A Bilingualism policy will be included in the Policies and Procedures manual to be approved by the Board, Q4, 2011. The Pine View website update was initiated Q2, 2011. New/replacement signage to be bilingual or omni-lingual (e.g., pictograms), Q3, 2011. Full implementation to be completed by Q1, 2012.

Recommendation 33

That the City review the application of its bilingualism policy to ensure that it is being applied correctly.

City's Management Response

Management agrees with this recommendation.

Management believes that the Bilingualism policy approved by Council is clear in identifying which organizations the policy applies to. Management will, however, review the application of this policy to ensure that its implementation is fulfilling the intent of the policy as part of the work being undertaken at mid-term governance review. This work is expected to be complete by Q4 2012.

Conclusion

Since its inception in 1972, there has not been an agreement between the Pine View entity and the owner municipality or municipalities setting up roles, responsibilities and authorities. As noted in other audits of arm's length facilities (notably the Audit of the Ottawa Municipal Campground), the City needs to focus its attention on clearly defining an outside facility's role versus its own therefore ensuring an appropriate level of oversight in all aspects of operations.

Operationally, financial controls need to be strengthened and monitored to ensure PVMGC meet and are consistent with City of Ottawa policies and procedures and/or Board of Management approved policies and procedures. This audit identified lapses in oversight and support relating to financial management, human resources and information technology.

Although the Pine View Municipal Golf Course Board of Management passed and carried a motion on November 4, 2009 that Pine View staff bring forward a report containing a strategy for strengthening operating and management policies in consultation with City of Ottawa staff, this was not actioned.

The governance and reporting structure of Pine View should be reviewed as part of the Clerk's mid-term governance review and include the potential for incorporating the Golf Course directly into the Parks, Recreation and Culture Department.

Given the size of the organization, many of the issues identified in the audit deal with relatively small dollar amounts. Despite this, these issues clearly indicate improvements in financial controls are needed with respect to activities at the PVMGC.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by City and Pine View management and Pine View Municipal Golf Course Board of Management.

RÉSUMÉ

Introduction

La vérification du Terrain de golf municipal Pine View (TGMPV) faisait partie du Plan de vérification 2010 du Bureau du vérificateur général, lequel a d'abord été présenté au Conseil en novembre 2009 au même moment que le Rapport annuel de 2008.

Contexte

Le Terrain de golf municipal Pine View a démarré ses activités en 1972 sous l'autorité de la Ville d'Ottawa et de la Ville de Gloucester. En 1999, la Ville de Gloucester en est devenue l'unique propriétaire jusqu'en 2001, date à laquelle la nouvelle Ville d'Ottawa a été créée. Le terrain de golf est situé au 1471, chemin Blair sur la propriété louée de la Commission de la capitale nationale pour un loyer annuel de 1 \$. D'une durée de 50 ans, le bail expire en 2024.

Le Terrain de golf Pine View comporte deux parcours de 18 trous et une boutique pour golfeur professionnel. Des tournois de golf et des réceptions de mariage y sont organisés; on y donne aussi des cours de golf.

Son mandat consiste à « acquérir, modifier, entretenir, gérer et administrer une aire de loisirs, baptisée Terrain de golf municipal Pine View, en poursuivant les objectifs suivants :

- Offrir aux résidents d'Ottawa un terrain de golf et des services qui s'y rattachent à un prix accessible à la clientèle en général.
- Améliorer la quantité et la qualité de tous les services afin de satisfaire aux besoins des clients, tout en demeurant concurrentiel sur le marché.
- Agir à titre de centre de profit pendant tout l'exercice financier en s'employant à fournir des services rentables et de qualité pendant le plus grand nombre de mois possible.
- Contribuer à la protection des espaces verts et des installations de loisirs de la région grâce à des pratiques prudentes et respectueuses de l'environnement en matière de gestion et d'aménagement du terrain de golf et des services qui s'y rattachent. » [traduction libre]

Selon les états financiers du Terrain de golf municipal Pine View qui ont fait l'objet d'une vérification le 31 décembre 2009, les recettes s'élevaient à 1 767 300 \$ et les frais d'exploitation, à 1 651 800 \$; le profit net était donc de 115 500 \$. La Ville conserve ce profit dans un compte spécial pour éponger un potentiel déficit ou pour financer l'amélioration des immobilisations ou l'achat d'équipement. Au début de l'exercice financier de 2009, la Ville d'Ottawa avait avancé 340 600 \$ au Terrain de golf municipal Pine View. Au 31 décembre 2009, cette somme a été ramenée à

225 100 \$. Depuis 2007, la Ville ne perçoit plus d'intérêt sur les avances de fonds et les prêts qu'elle consent au Terrain de golf.

Le conseil de direction du Terrain de golf municipal Pine View (ci-après le conseil ou le conseil de direction) se compose de 10 membres nommés par le Conseil municipal : 4 bénévoles et 6 conseillers. Tous les deux ans, durant l'assemblée générale annuelle, une personne est nommée à la présidence. Ce poste échoit en alternance aux élus et aux membres bénévoles de la collectivité. En juillet 2010, le nouveau président (membre bénévole de la collectivité) a entrepris un mandat de deux ans. D'autres changements ont eu lieu parmi les élus siégeant au conseil à la suite des élections municipales de 2010.

Portée, objectifs et critères de la vérification

Portée

La vérification comportait un examen des pratiques financières du Terrain de golf municipal Pine View. Pour les besoins de cet examen, tous les services assurés par le Terrain de golf (comme la boutique, le bar, etc.) ont été réputés compris dans le cadre de la vérification.

La vérification visait à examiner les activités financières du Terrain de golf Pine View et les transactions effectuées depuis 2008. La majorité des transactions examinées ont été réalisées en 2009. Initialement, cette vérification avait pour objectif d'examiner les pratiques d'exploitation ayant cours à Pine View, mais en raison de problèmes relevés au début de la vérification, il a été convenu de réorienter l'examen vers les transactions financières.

Objectifs ou critères

1^{er} objectif ou critère de la vérification :

Établir si :

- Les politiques et pratiques de l'établissement sont efficaces et rationnelles;
- Les actifs et par conséquent l'intérêt de la Ville d'Ottawa sont bien protégés;
- L'établissement respecte les politiques et pratiques qui le régissent.

2^e objectif ou critère de la vérification :

Établir si le Terrain de golf Pine View offre des services à la population dans les deux langues officielles.

Sommaire des principales constatations

L'examen que nous avons mené sur le Terrain de golf municipal Pine View a révélé que :

- La structure de gouvernance et de rapport devrait faire l'objet d'une révision;

- Le conseil de direction devrait assurer un encadrement plus étroit des activités d'exploitation;
- Le suivi des recettes et des dépenses qu'exerce le Service des finances de la Ville est insuffisant;
- Certaines transactions effectuées par le directeur général sont discutables;
- Le guide des politiques et pratiques financières n'est ni approprié ni respecté;
- La direction du Terrain de golf Pine View a exprimé sa réticence à adopter les politiques et pratiques de la Ville et a déclaré n'être redevable qu'à son conseil de direction et à ses vérificateurs externes;
- Les ententes conclues entre la Ville et le Terrain de golf Pine View sont désuètes et nécessitent une mise à jour; par conséquent, les rôles, responsabilités et pouvoirs de chaque partie ne sont pas clairs ni consignés par écrit. Comme le conseil de direction du Terrain de golf Pine View n'a pas conclu d'accord d'exploitation officiel avec la Ville, il lui est difficile de faire respecter les politiques de la Ville d'Ottawa;
- Des lacunes ont été observées dans l'offre de services en français au TGMPV.

Recommandations et réponse de la direction municipal et du conseil de direction du TGMPV

Recommandation 1

Que, dans le cadre de l'Examen de mi-mandat sur la gouvernance effectué par le Bureau du greffier municipal, le Terrain de golf municipal Pine View fasse l'objet d'un examen qui déterminera si des modifications doivent être apportées à sa structure de gouvernance, et s'il faut notamment l'intégrer au Service des parcs, des loisirs et de la culture à titre de programme fourni directement par la Ville.

Réponse de la direction municipale

La direction est d'accord avec cette recommandation.

Dans le cadre de l'Examen de mi-mandat sur la gouvernance, le personnel du bureau du greffier examinera la structure de gouvernance actuelle du Terrain de golf municipal Pine View afin de déterminer si des modifications doivent être apportées d'ici le quatrième trimestre de 2012.

Recommandation 2

Que le conseil de direction, en collaboration avec les Services juridiques, examine, définisse et explicite par écrit le rôle de l'administration municipale (Finances, Ressources humaines, Technologie de l'information, etc.) dans la surveillance et l'encadrement des activités du Terrain de golf municipal Pine

View en formulant une entente semblable à celle conclue avec le Terrain de camping municipal d'Ottawa.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Il rendra officielle la relation qui le lie à l'administration municipale afin de définir les rôles et les responsabilités du Service des finances, des Ressources humaines, du Service de la technologie de l'information, des Services juridiques et du Bureau du greffier.

Réponse de la direction municipale

La direction municipale est d'accord avec cette recommandation.

Dans l'Examen sur la gouvernance qui a été approuvé par le Conseil municipal le 8 décembre 2010, le Bureau du greffier municipal et chef du contentieux a souligné la nécessité de travailler de concert avec les conseils locaux – et le Terrain de golf municipal Pine View en est un – afin d'assurer l'observation des articles pertinents de la *Loi de 2001 sur les municipalités*. Ces articles demandent aux conseils locaux de mettre en place un règlement de procédure, et « d'adopter et de mettre en œuvre » des politiques qui concernent la disposition de biens-fonds, notamment par vente, l'engagement d'employés et l'approvisionnement en biens et en services. L'adoption et la mise en œuvre de ces politiques obligatoires aideront l'administration municipale à surveiller et à encadrer les activités d'exploitation du Terrain de golf municipal Pine View en fournissant au personnel municipal les lignes directrices nécessaires. S'il s'avérait nécessaire de conclure une entente, le personnel collaborerait avec le conseil du TGMPV pour en négocier les termes et établir la version définitive.

Le Bureau du greffier municipal et chef du contentieux travaille en ce moment avec les conseils locaux et compte terminer l'examen d'ici le quatrième trimestre de 2012.

Recommandation 3

Que le TGMPV produise un guide complet des politiques et pratiques, soit en adoptant les politiques et règlements de procédure de la Ville d'Ottawa ou en créant d'autres qui lui seront propres et permettront de satisfaire à tous les besoins d'exploitation de l'entreprise.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Il a entrepris ce processus le 4 novembre 2009, date de l'adoption d'une motion exigeant que les politiques d'exploitation et de gestion soient établies en collaboration avec le personnel de la Ville d'Ottawa. Cette décision a par la suite été entérinée par d'autres motions, adoptées lors de la réunion du conseil du TGMPV tenue le

13 juin 2011, destinées à mettre en œuvre les recommandations du vérificateur général, comme en fait foi la réponse du conseil au présent rapport.

Recommandation 4

Que le conseil du TGMPV adopte ce guide des politiques et pratiques pour le Terrain de golf.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. La version provisoire du guide des politiques et pratiques sera soumise au conseil de direction pour approbation au cours du quatrième trimestre de 2011.

Recommandation 5

Que le conseil du TGMPV approuve, après étude attentive, d'autres modifications aux politiques et pratiques.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Les politiques et pratiques provisoires comporteront la date d'approbation et celle des modifications.

Recommandation 6

Qu'en tout temps, le TGMPV soumette les reçus originaux pour justifier toutes ses dépenses (c.-à-d. cartes de crédit, compte d'avance fixe, paiement sans référence, etc.) et n'utilise plus de factures reconstituées.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Toutes les politiques d'achat du TGMPV indiqueront l'obligation de fournir les reçus originaux.

Recommandation 7

Que la Ville n'accepte ni n'exécute aucune transaction liée à des dépenses qui ne sont pas justifiées par les pièces authentiques.

Réponse de la direction municipale

La direction municipale est d'accord avec cette recommandation.

Le TGMPV a été prié d'adopter les politiques et pratiques financières de la Ville et le Service des finances de la Ville veillera à ce que les transactions liées à des dépenses soient traitées sur présentation des pièces justificatives originales.

Recommandation 8

Que le TGMPV observe les politiques et pratiques de la Ville (à moins que le conseil de direction en décide autrement) et que le Service des finances de la Ville conteste toute dépense qui ne satisfait pas aux critères de la Ville ou aux critères approuvés par le conseil de direction.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. La version provisoire du guide des politiques et pratiques sera soumise au conseil de direction pour approbation au cours du quatrième trimestre de 2011.

Réponse de la direction municipale

La direction est d'accord avec cette recommandation.

Le TGMPV a été prié d'adopter les politiques et pratiques financières de la Ville et le Service des finances de la Ville contestera toute dépense qui ne satisfait pas aux critères de la Ville.

Recommandation 9

Que le TGMPV établisse une politique sur les déplacements qui sera approuvée par son conseil de direction.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Une politique sur les déplacements du TGMPV sera soumise au conseil de direction pour approbation au cours du quatrième trimestre de 2011.

Recommandation 10

Que le TGMPV utilise les formulaires de demande de remboursement des frais de déplacement à des fins de rapprochement et de consignation des déplacements.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Le formulaire de demande de remboursement des frais de déplacement sera intégré à la politique sur les déplacements, laquelle sera soumise au conseil de direction pour approbation au cours du quatrième trimestre de 2011.

Recommandation 11

Que le conseil de direction du TGMPV approuve la limite d'indemnités journalières imposée par la Ville ou qu'il fixe sa propre limite maximale aux indemnités journalières versées aux employés du TGMPV.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Les indemnités journalières seront précisées dans la politique sur les déplacements, qui sera soumise au conseil de direction pour approbation au cours du quatrième trimestre de 2011.

Recommandation 12

Que les employés du TGMPV utilisent les formulaires de demande de remboursement du kilométrage parcouru à bord de leur véhicule personnel; et que le conseil de direction approuve l'application du taux par kilomètre de la Ville ou établisse un taux par kilomètre pour les employés du TGMPV. (Dans le cas du directeur général, le taux devrait être celui stipulé dans son contrat d'embauche.)

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. La politique de kilométrage en voiture sera incorporée au guide provisoire des politiques et pratiques qui sera soumis au conseil pour approbation au cours du quatrième trimestre de 2011.

Recommandation 13

Que le conseil du TGMPV approuve le versement d'une indemnité bimensuelle au gestionnaire des aliments et boissons pour usage de son véhicule personnel.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Lors de sa réunion du 30 juin 2011, le conseil du TGMPV a approuvé le versement d'une indemnité bimensuelle pour usage de son véhicule personnel au gestionnaire des aliments et boissons; cette indemnité sera révisée chaque année dans le cadre du processus d'approbation du budget annuel.

Recommandation 14

Que le TGMPV adopte des mesures de contrôle afin de minimiser la perte ou l'usage inapproprié du fonds de petite caisse et que les mesures de sécurité soient renforcées.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Le conseil du TGMPV adoptera la politique de la Ville d'Ottawa sur le Fonds de la petite caisse et de monnaie d'appoint au cours du quatrième trimestre de 2011.

Recommandation 15

Que le Service des finances de la Ville procède périodiquement, et de façon inopinée, au calcul et au rapprochement du fonds de la petite caisse et des cinq fonds de monnaie d'appoint.

Réponse de la direction municipale

La direction est d'accord avec cette recommandation.

Le Service des finances de la Ville procédera périodiquement, et de façon inopinée, au calcul et au rapprochement du fonds de la petite caisse et des cinq fonds de monnaie d'appoint.

Recommandation 16

Que, conformément aux politiques et pratiques de la Ville en matière de traitement de l'argent comptant, le TGMPV consigne et signale sans délai au Service des finances tout excédent, déficit, vol et toute perte.

Réponse du conseil de direction du TGMPV

Le conseil de direction accepte cette recommandation et l'a déjà mise en pratique. Depuis juin 2011, le TGMPV consigne et signale au Service des finances tout excédent, déficit, vol et toute perte de ses dépôts réguliers comme l'exigent les politiques et pratiques en matière de traitement de l'argent comptant de la Ville.

Recommandation 17

Que le nombre de fonds de caisse du TGMPV soit réduit jusqu'à ce qu'il soit prouvé qu'ils sont nécessaires.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Tous les fonds de caisse ont fait l'objet d'un examen et le conseil les a approuvés le 30 juin 2011.

Recommandation 18

Que le TGMPV rétablisse sa pratique selon laquelle la ou les personnes responsables de la caisse comptent le contenu du tiroir-caisse pour calculer les ventes de la journée à la fin de chaque quart de travail.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. L'installation du système tactile Visual Touch fournira aux caissiers les rapports nécessaires pour faire état des recettes de la journée à la fin de chaque quart de travail. Le système sera en fonction d'ici le quatrième trimestre de 2011; à partir de cette date, tous les caissiers compteront leur tiroir-caisse pour en dégager les recettes de la journée à la fin de chaque quart.

Recommandation 19

Que le TGMPV abandonne la pratique consistant à modifier les recettes et signale dorénavant tout excédent ou déficit de caisse.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Tous les excédents et les déficits de caisse sont signalés depuis le deuxième trimestre de 2011.

Recommandation 20

Que le Service des finances exige que l'équivalent des rubans x et z des caisses accompagne le dépôt.

Réponse de la direction municipale

La direction municipale est d'accord avec cette recommandation.

Le Service des finances étudiera les solutions potentielles avec le TGMPV. Le Service des finances comprend que le TGMPV utilise un nouveau terminal de vente qui produit des rapports équivalant aux rubans x et z. La mise en pratique de cette recommandation et le choix du moment de son adoption dépendent de la décision du TGMPV de mettre en pratique la recommandation 20. Ce système doit être intégré aux pratiques du TGMPV.

Recommandation 21

Que le Service des finances ne rembourse aucun employé ou fournisseur qui ne produit pas les pièces justificatives originales.

Réponse de la direction municipale

La direction municipale est d'accord avec cette recommandation.

Comme le TGMPV a été prié d'adopter les politiques et pratiques financières de la Ville, le Service des finances ne remboursera aucun employé ni fournisseur qui ne produisent pas les pièces justificatives originales.

Recommandation 22

Que le TGMPV crée une politique qui sera soumise à l'approbation du conseil de direction et qui précisera explicitement à qui appartiennent les pourboires et comment ils doivent être gérés et distribués.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. La politique sur les pourboires sera incorporée au guide sur les politiques et pratiques, lequel sera soumis au conseil de direction pour approbation au cours du quatrième trimestre de 2011.

Recommandation 23

Que le TGMPV communique à ses employés toute l'information concernant la distribution et la ventilation des pourboires et les retenues auxquelles ils sont assujettis.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. À la suite de l'approbation de la politique sur les pourboires au cours du quatrième trimestre de 2011, tous les membres du personnel recevront l'information concernant la distribution et la ventilation des pourboires et les retenues auxquelles ils sont assujettis.

Recommandation 24

Que le TGMPV élabore une politique sur les congés de maladie qui sera soumise à l'approbation du conseil de direction.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Une politique sur les congés sera intégrée à la version préliminaire du guide des politiques et pratiques, laquelle sera soumise au conseil de direction pour approbation au cours du quatrième trimestre de 2011.

Recommandation 25

Que le TGMPV veille à ce que tous les membres du personnel connaissent bien la politique sur les congés de maladie et que les journées de congé de maladie soient consignées.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Tout le personnel sera pleinement informé de la politique sur les congés de maladie et veillera, avec l'aide de l'Administration de la paie de la Ville d'Ottawa, à ce que toute journée de congé de maladie soit consignée, selon la politique sur les congés qui sera soumise à l'approbation du conseil de direction au cours du quatrième trimestre de 2011.

Recommandation 26

Que le TGMPV inscrive toute heure supplémentaire sur la feuille de temps remise à l'Administration de la paie.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. En collaboration avec l'Administration de la paie de la Ville d'Ottawa, le TGMPV a établi une nouvelle marche à suivre pour faire rapport sur les paies. Mise en œuvre le 14 juillet 2011, cette procédure prévoit la déclaration de toute heure supplémentaire sur la feuille de temps remise à l'Administration de la paie.

Recommandation 27

Que le TGMPV se procure une caisse enregistreuse pour le bureau et cesse de remettre des reçus faits à la main.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. D'ici le quatrième trimestre de 2011, le TGMPV mettra en place le système Visual Touch qui offrira toutes les fonctions d'une caisse enregistreuse ainsi que la production automatisée de reçus.

Recommandation 28

Que le TGMPV élabore une politique sur l'utilisation d'un compte-chèques d'avance de caisse.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. La politique régissant les comptes-chèques d'avance de caisse sera intégrée au guide des politiques et pratiques, lequel sera soumis au conseil pour approbation au cours du quatrième trimestre de 2011.

Recommandation 29

Que le TGMPV n'utilise le compte-chèques d'avance de caisse que pour les achats qui ne peuvent être effectués selon les modalités habituelles.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. La politique régissant les comptes-chèques d'avance de caisse sera intégrée au guide des politiques et pratiques, lequel sera présenté au conseil pour approbation au cours du quatrième trimestre de 2011. Cette politique précisera les types d'achat qui peuvent être réglés par chèque tiré sur le compte-chèques d'avance de caisse.

Recommandation 30

Que le TGMPV émette des chèques à l'ordre des fournisseurs plutôt que d'inscrire « Cash » sur la ligne du destinataire.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Cette recommandation sera intégrée à la politique sur les comptes-chèques d'avance de caisse comme le prévoit la recommandation 28.

Recommandation 31

Que le TGMPV rembourse les employés au moyen d'un chèque émis par la Ville plutôt qu'en puisant au compte-chèques d'avance de caisse.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Cette recommandation sera intégrée à la politique sur les comptes-chèques d'avance de caisse comme le prévoit la recommandation 28.

Recommandation 32

Que le TGMPV fournisse des services équivalents dans les deux langues officielles.

Réponse du conseil de direction du TGMPV

Le conseil de direction est d'accord avec cette recommandation. Une politique du bilinguisme sera intégrée au guide des politiques et pratiques, lequel sera soumis à l'approbation du conseil d'ici le quatrième trimestre de 2011. Lors du deuxième trimestre de 2011, le TGMPV a entrepris la mise à jour de son site Web et, lors du troisième trimestre de 2011, le remplacement de panneaux unilingues par des panneaux bilingues ou universels (pictogrammes). Le tout devrait être en place d'ici le premier trimestre de 2012.

Recommandation 33

Que la Ville clarifie sa politique de bilinguisme dans le but de distinguer les organismes concernés par la politique de ceux qui ne le sont pas.

Réponse de la direction municipale

La direction municipale est d'accord avec cette recommandation.

Même si elle est d'avis que sa politique de bilinguisme approuvée par le Conseil municipal définit clairement les organismes assujettis à la politique, la direction municipale reverra sa politique afin de s'en assurer. Elle se penchera également sur l'application de cette politique au contexte du Terrain de golf municipal Pine View, dans le cadre de l'Examen de mi-mandat sur la gouvernance. Ces travaux devraient être achevés d'ici le quatrième trimestre de 2012.

Conclusion

Depuis la fondation du Terrain de golf municipal Pine View en 1972, aucune entente intervenue avec la ou les municipalités propriétaires n'a établi les rôles, responsabilités et pouvoirs de chaque partie. Comme l'ont démontré d'autres vérifications indépendantes (notamment la vérification du Terrain de camping municipal d'Ottawa), la Ville doit s'engager à définir explicitement le rôle d'une entreprise externe et son propre rôle afin d'assurer l'encadrement adéquat de tous les aspects de l'exploitation de l'entreprise.

À cet égard, les contrôles financiers doivent être resserrés et mieux encadrés afin de veiller à ce que le TGMPV satisfasse et se conforme aux politiques et pratiques de la Ville d'Ottawa ou aux politiques et pratiques approuvées par le conseil de direction du TGMPV. Cette vérification fait état de certaines lacunes de la supervision et du soutien de la gestion financière, des ressources humaines et de la technologie de l'information.

Le 4 novembre 2009, le conseil de direction du Terrain de golf municipal a adopté une proposition voulant que le personnel produise un rapport dans lequel serait dévoilée une stratégie visant à améliorer les politiques d'exploitation et de gestion en collaboration avec le personnel de la Ville d'Ottawa. Ce rapport n'a toujours pas été produit.

La structure de gouvernance et de rapport du TGMPV devra faire l'objet d'une analyse dans le cadre de l'Examen de mi-mandat sur la gouvernance réalisé par le greffier. Aussi devra-t-on envisager la possibilité de confier l'administration du Terrain de golf au Service des parcs, des loisirs et de la culture.

Étant donné la petite taille de l'entreprise, plusieurs constatations de la présente vérification ont trait à des sommes relativement modestes. Néanmoins, ces constatations indiquent le besoin manifeste d'améliorer les contrôles financiers exercés dans le cadre des activités du TGMPV.

Remerciements

L'équipe de vérification tient à remercier la direction municipale ainsi que la direction et le conseil du Terrain de golf municipal Pine View pour la collaboration et l'assistance qu'ils lui ont accordées.

1 INTRODUCTION

The Audit of the Pine View Municipal Golf Course (PVMGC) was included in the 2010 Audit Plan of the Office of the Auditor General, first presented to Council in 2008.

2 BACKGROUND

The Pine View Municipal Golf Course began operations in 1972 under the auspices of the City of Ottawa and City of Gloucester. In 1999, the City of Gloucester became its sole owner until 2001 when the new City of Ottawa was created. The Golf Course is located at 1471 Blair Road on land leased from the National Capital Commission at an annual rent of \$1.00. The property is leased for a 50 year term expiring in 2024.

Pine View offers two 18-hole courses and a Pro Shop; hosts tournaments; offers golf lessons and is a banquet facility for weddings. Green and related fees are as follows:

Table 1: Pine View Municipal Golf Course 2010 Rates
Per PVMGC Website

(Prices include all taxes)	Monday - Thursday	Fri-Sun & Holidays
Championship Course 18 Holes	\$35.40	\$37.16
9 Holes	\$23.00	\$24.77
Executive Course 18 Holes	\$30.09	\$31.86
Monday or July Tournaments (No Holidays)		
18 Holes	\$35.40	\$37.16
9 Holes	\$18.09	\$20.00
Executive Course 18 Holes	\$30.09	\$31.86
Tournament Player Carts		
(ALL PLAYERS - per person) 18 Holes	\$15.93	\$15.93
(ALL PLAYERS - per person) 9 Holes	\$8.85	\$8.85
Power Carts (Single - per person) 18 Holes	\$31.86	\$31.86
Power Carts (Single - per person) 9 Holes	\$17.70	\$31.86
Pull Carts	\$5.31	\$5.31
Club Rentals	\$13.27	\$13.27

Its mandate is “to acquire, alter, maintain, operate and manage a recreational area, to be known as Pine View Municipal Golf Course, with the following objectives:

- To provide the residents of Ottawa, golf and related services at rates affordable to the average person.

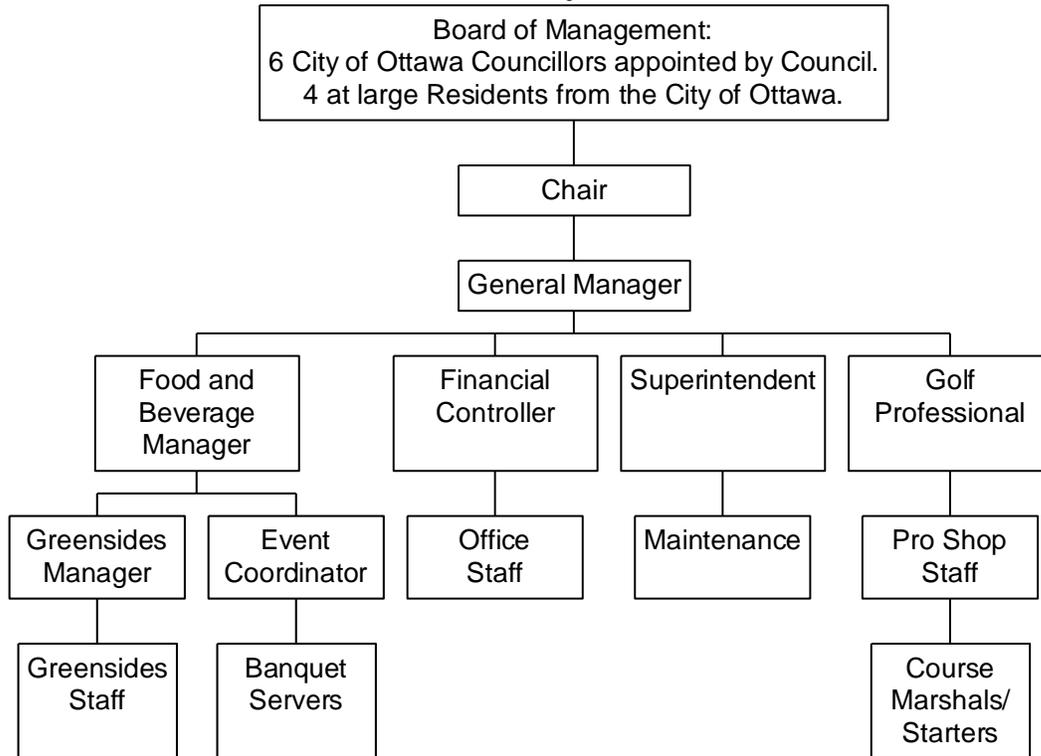
- To improve the quantity and quality of all services, responding to the needs of the user, and remain competitive in the market place.
- To fully operate as a profit centre for the full business year, endeavouring to provide valued cost-effective services for as many months of the calendar year as practical.
- To contribute positively to the Region's green space and recreational facilities through prudent environmental conscience management and development of the golf course and related services."

Per Pine View Municipal Golf Course audited financial statements as at December 31, 2009, revenues totalled \$1,767,300 and operating expenditures \$1,651,800; resulting in a profit of \$115,500. Profits are kept by the City in a special account to offset any deficit or fund future capital improvements or equipment. At the beginning of fiscal 2009, the City of Ottawa had advanced cash to Pine View Municipal Golf Course in the amount of \$340,600. As at December 31, 2009 this amount was decreased to \$225,100. Since 2007, the City no longer charges interest on advances and loans made to the Golf Course.

The Pine View Municipal Golf Course Board of Management (the Board or Board of Management) is composed of 10 members; 4 Council-appointed volunteers; 6 Council-appointed Councillors. Bi-annually, during the annual general meeting, a Chair is selected. The selection of the Chair position alternates between elected officials and volunteers from the public. In July 2010, the new Chair (volunteer member of the public) began a two-year term. Further changes to the elected officials on the Board came as a result of the 2010 municipal election. At the time of the audit, the General Manager had been in place since 2008.

Table 2: Pine View Municipal Golf Course Organisational Structure

Per PVMGC Policy & Procedure Manual



3 AUDIT SCOPE, OBJECTIVES AND CRITERIA

3.1 Scope

The audit included a review of financial processes of the Pine View Municipal Golf Course. For the purpose of this engagement, any self-contained functions, such as a store/boutique, a bar, etc., were considered within scope.

The audit examined Pine View’s financial activities and transactions related to 2008 onward. The bulk of the transactions reviewed took place in 2009. The initial plan for this audit called for a review of operations at Pine View, however as a result of the issues identified early in the audit it was determined that a more focussed review of financial transactions was warranted.

3.2 Objectives/Criteria

Audit objective/criteria 1:

To assess if:

- The facility’s policies and procedures are effective and efficient
- Assets and thereby the interests of the City of Ottawa are safeguarded ; and,
- The facility is compliant with its governing policies and procedures.

Audit objective/criteria 2:

To assess if individual facilities offer services to the public in both official languages.

4 APPROACH

The audit approach included:

- Interviews with Pine View Municipal Golf Course employees;
- Meetings with the Board of Management;
- Site visits to the PVMGC;
- File and document reviews; and,
- A survey of other Canadian municipalities with golf courses.

5 DETAILED FINDINGS, OBSERVATIONS AND RECOMMENDATIONS***Audit objective/criteria 1:***

To assess if:

- *The facility's policies and procedures are effective and efficient;*
- *Assets and thereby the interest of the City of Ottawa are safeguarded ; and,*
- *The facility is compliant with its governing policies and procedures.*

5.1 Governance and Reporting Structure

The Pine View Municipal Golf Course Board (the Board or Board of Management) is composed of 10 members; 4 Council-appointed volunteers; 6 Council-appointed Councillors. The current composition of Pine View's Board differs from the 1975 and 1976 documents we obtained; the only agreements available.

Pine View has five full time (year round) employees while 40-45 staff are hired seasonally.

The role and authority of City administration (Finance Human Resources Information Technology, etc.) in monitoring and supporting the operations of Pine View Municipal Golf Course has not been well-defined, which in our view has resulted in many of the issues arising from this audit. It should be noted that a similar situation existed between the Ottawa Municipal Campground and the City. However, roles have been clarified and documented within a signed agreement mid-2010.

Table 3: Historical Agreements

Date	Document / Event	Parties	Board of Management
Jul-74	Lease of land (50 years)	NCC and Corporation of the City of Ottawa and the Corporation of the Township of Gloucester	
Feb-75	Agreement	Corporation of the Township of Gloucester and Corporation of the City of Ottawa	4 members designated by Township & 4 members designated by City
1976	Bylaw No. 1	Generally to the transaction of the affairs of the Pineview Municipal Golf Course	4 directors each (City of Ottawa/Township Gloucester) & Mayor and Reeve as ex-officio members
May-98	Bylaw No. 4	Generally to the transaction of the affairs of the Pineview Municipal Golf Course	8 directors, 4 elected by Ottawa City Council; 4 elected by Gloucester City Council
1999	Sale of entity	Sale of 50% ownership by Corporation of the City of Ottawa to the City of Gloucester (sole-owner)	
2001	Amalgamation		
2001	Bylaw No. 5 (unsigned copy)	Generally to the transaction of the affairs of the Pineview Municipal Golf Course	9 directors elected by Ottawa City Council (from their own & general public as they choose in their sole discretion)
2001	Municipal Act	Defines/sets responsibilities of "Municipal Service Boards"	
Mar-05	Agreement to amend lease	NCC and (new) City of Ottawa	
2011	Pine View Policy and Procedure Manual (dated 2010)		12 members; 4 Council-appointed volunteers; 6 Council-appointed Councillors; and, 2 Councillors appointed by the Committee overseeing the operations of the Golf Course through a General Manager
2024	End of lease with NCC		

We located the above legal agreements and documents pertaining to Pine View. The first was signed in 1975 between the Corporation of the Township of Gloucester and the Corporation of the (former) City of Ottawa.

By-law No. 1, signed in 1976, relates to the former City of Ottawa - transaction of the affairs of the Pine View Municipal Golf Course. We also obtained a copy of the May 1988 signed Bylaw no. 4 and unsigned draft version of the 2001 Bylaw no. 5 relating generally to the transaction of affairs of the Pine View Municipal Golf Course.

We also located an agreement with the Corporation of the Township of Gloucester, the Corporation of the (former) City of Ottawa and the National Capital Commission outlining a 50 year lease at \$1.00 per annum, ending in 2024 which contain certain conditions. This was amended in 2005 by the new City.

The lack of up-to-date agreements is a source of ambiguity of roles and responsibilities between the parties.

As part of the standard mid-term governance review carried out by the Clerk's office, we would encourage City management to undertake a review of existing but outdated Pine View related agreements with a view to updating them and ensuring they adequately address the issues discussed herein. This review should examine if there is a need for changes to the governance relationship with Pine View, including incorporating it into the Parks, Recreation and Culture Department as a program delivered directly by the City.

Many municipalities across Canada operate golf courses. Five of the seven municipalities we surveyed responded (i.e., Calgary, Hamilton, Saskatoon, Toronto and Vancouver). Pine View appears to be the only course that is a "separate entity" and does not administratively report to the equivalent of the City of Ottawa's Parks, Recreation and Cultural Services Department. None were found to have a separate Board for golf operations. It is also the only course whose staff are neither City employees nor unionized. Regardless of the governance structure, there is a need, as part of any revised agreement between PVMGC and the City, to clarify the City's role in oversight and monitoring of Pine View's financial activities.

Recommendation 1

That, as part of the mid-term governance review carried out by the Clerk's office, a review of Pine View Municipal Golf Club be undertaken to determine if there is a need for changes to the governance structure, including incorporating it into the Parks, Recreation and Culture Department as a program delivered directly by the City.

City's Management Response

Management agrees with this recommendation.

As part of its mid-term governance review, City Clerk staff will review the current governance structure of the Pine View Municipal Golf Course to determine if there is a need for change by Q4 2012.

Recommendation 2

That the Board of Management in conjunction with Legal Services review, define and document the role of City administration (Finance, Human Resources, Information Technology, etc.) in monitoring and supporting the operations of the Pine View Municipal Golf Course within an agreement, much like was done with the Ottawa Municipal Campground.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The Board will formalize the relationship with the City administration to define the roles and responsibilities vis-a-vis Finance, HR, IT, Legal Services and the Clerk's Office.

City's Management Response

Management agrees with this recommendation.

As part of the Governance Review report that was approved by Council on December 8th, 2010, the City Clerk and Solicitor department identified the need to work with local boards, of which Pine View Municipal Golf Course is one, to ensure their compliance with the relevant sections of the *Municipal Act, 2001* which require local boards to establish a procedure by-law, as well as to "adopt and maintain" policies with respect to the sale and other disposition of land, the hiring of employees and the procurement of goods and services. The adoption and maintenance of these required policies will assist City administration in monitoring and supporting the operations of the Pine View Municipal Golf Course by providing City staff with the relevant guidelines to do so. Should it be deemed that an agreement is necessary staff will work with Pine View's Board of Directors to negotiate and finalize same.

The City Clerk and Solicitor department is currently working with local boards and expects completion of this review by Q4 2012.

5.2 Policies and Procedures

The current policy manual was prepared as a result of the following motion from the Pine View Board of Management.

"Be it resolved that Pine View staff bring forward a report containing a strategy for strengthening operating and management policies in consultation with City of Ottawa staff.

Moved: Councillor Steve Desroches

Seconded: Councillor Bob Monette"

The policies and procedures include:

- The City of Ottawa 2009 Cash Handling Policy, however the July 19, 2010 revised version was not included in the manual,

- The City's 2009 Cash Handling Procedures (City management have advised us that the FSU distributed the revised Cash Handling Policies and Procedures to the General Manager in November 2010 when they were formally approved; however, the revised policy was not included in PVMGC's policy and procedures manual provided to us),
- Incident Report,
- 2006 Appointment Policy (Advisory Committees, Boards, Task Forces and External Agencies, Boards and Commission, etc),
- The Municipal Freedom of Information & Protection of Privacy (MFIPPA) Access/correction Form and guidance), and,
- Policies that are specific to Pine View.

In general, we found the manual to be inadequate to meet the financial needs of Pine View. In addition, we could not determine whether the manual had been approved by the Pine View Municipal Golf Course Board.

The Pine View General Manager indicated to us that Pine View is operated as a golf course, thus the reasoning behind certain transactions is that they are incurred in a manner consistent with other golf courses, as opposed to being based on City of Ottawa policies.

There is a lack of understanding by Pine View as to its responsibility to follow City policies, as well as a lack of guidance/direction by the City of Ottawa. As a result, transactions were completed and expenses were incurred by Pine View which, if viewed under City of Ottawa guidelines, would not be appropriate and should not have been approved or processed by City Finance.

It is important to note that PVMGC Senior Management were of the opinion that they need not adhere to City of Ottawa policies, procedures and/or guidelines even when these were contained in the manual provided to us. Several transactions were identified that did not appear to be covered under specific policies (e.g., hospitality, gratuities, purchase of entertainment tickets as door prizes, payment of professional membership fees, payment of and participation in golf tournaments by various golf course employees, purchase of new and used equipment, reimbursements of travel, reimbursement of car mileage, personnel reimbursements, etc.). We recognize that not all City policies and procedures may be appropriate or relative to the operations of the Golf Course and that some policies and/or procedures would require fine-tuning to fully meet PVMGC's business needs; however, for the most part the City policies and procedures would represent a sound foundation. If the Board should decide not to adhere to City of Ottawa policies and procedures, the Golf Course should develop its own which would need to be approved by its Board.

A well laid out policy and procedures manual would allow Pine View Municipal Golf Course to operate more efficiently and effectively. The policy and procedures

manual should be designed to explain PVMGC's policy and procedure framework; to help policy and procedure owners deal with day-to-day operations; and, act as a resource to both new Board members and employees. Clearly written, available and up-to-date policies and procedures are one of the foundation elements of any organization in which employees are held accountable.

Written policy and procedures can benefit Pine View Municipal Golf Course by:

- Saving time and effort;
- Assisting in new member recruitment (employee or Board Member);
- Providing detailed job descriptions and orienting new board members, management, employees and contract/summer workers about their purpose, job standards and expectations;
- Providing continuity and consistency in decision-making (ensuring the organization will stay on track even when members of the Board change);
- Setting delegated authorities;
- Providing financial guidance;
- Providing guidance on employee reimbursements; and,
- Helping to avoid conflict and the potential for misunderstanding.

The following are examples where lack of policy and/or procedure was deemed problematic. Others examples are provided throughout this report.

5.2.1 Membership fees

We have identified payments made to at least two golfing organizations for individual memberships in those organizations. We have not identified a specific policy on the eligibility of these expenses for payment by Pine View.

The employment contract of the Pine View General Manager is silent regarding the payment of memberships to golfing organizations. The General Manager indicated that these memberships did not bring him or others a personal advantage; rather they provided benefits to Pine View (i.e., the ability to attend events and conferences held by those organizations). We understand that Board members of Pine View were aware and encouraged participation in these organizations, as they felt it brought added value to Pine View. It should be noted that these registrations may be deemed acceptable by the Board, however proper authorizations were not obtained.

5.2.2 Payment and participation in golf tournaments

For the period of review, we identified at least 14 separate golf tournaments for which Pine View paid entry fees. Participants to these tournaments included Pine View employees, Pine View Board members and, in one instance, the employee of

the City's Finance Department who was responsible for processing Pine View expenses.

The Pine View Manager indicated that the participation at golf tournaments is a common practice for golf courses. The participation in such tournaments was not based on the application of any City of Ottawa policy. There is currently no specific policy on the participation in golf tournaments by Pine View.

5.2.3 Purchases of used equipment

We have identified situations where Pine View has purchased used equipment for the maintenance and upkeep of the golf course. We understand that these purchases are for specialized equipment. Based on our review of these transactions, the following issues should be considered:

- Pine View did not follow the procurement processes of the City of Ottawa in order to purchase equipment and obtain discounts available due to the City's purchasing power;
- Pine View did not consider any policy from the City of Ottawa before purchasing used equipment as opposed to new equipment;
- Other than a basic invoice from the supplier, there was no documentation to support the purchase of the used equipment, such as a cost-benefits analysis, comparative pricing and quotes for similar equipment, comparison of warranty periods and service agreements; and,
- In one case, a piece of equipment was purchased from an individual, after it had been located on the Internet. There is no document on file that demonstrates how this individual was identified.

Further, given that the purchase was made from an individual, there does not appear to have been any controls in place to identify and prevent a potential conflict of interest situation. There is currently no specific policy on the process to be followed by Pine View for the purchase of equipment.

Based on the policies and procedures manual that was provided to us, there is no specific policy that outlines the process for the purchase of equipment, who is responsible for making the decision on the purchases, and situation(s) where a decision has to be approved at the Board level, if any.

5.2.4 IT equipment purchased on ad hoc basis

We have identified multiple purchases of computer equipment made by Pine View. Based on our review of these transactions, the following issues should be considered:

- The Pine View General Manager indicated that equipment is purchased when it is needed (i.e., after a failure, etc.), thus is typically needed on an urgent basis, and described this practice as part of the overall practice of operating as a golf course;
- Pine View did not use resources from the City of Ottawa in order to purchase computer equipment and obtain discounts available due to the City's purchasing power. In addition, the City of Ottawa was not consulted to determine whether the equipment purchased was appropriate and/or compatible with City of Ottawa software and systems; and,
- There is no overall plan, commensurate with the organization's size and complexity, regarding information technology, including a disaster recovery plan.

5.2.5 Payment of Christmas lunch for staff

In December 2009 and 2010, Pine View's General Manager paid for a staff Christmas lunch and provided his employees with gift cards. This practice is not in line with City of Ottawa policies and procedures which the General Manager agreed to abide by when using the credit card.

There is currently no specific policy for the payment of hospitality for all-staff functions at Pine View.

Recommendation 3

That the PVMGC develop a comprehensive policy and procedures manual by either adopting City of Ottawa policies and procedures or developing their own that fully meets all business needs of the operations.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The PVMGC Board of Management initiated this action by motion dated November 4, 2009 requiring operating and management policies in consultation with City of Ottawa staff. This was further reinforced at the Board meeting of June 13, 2011 by motions to begin implementation of the AG recommendations as per Board response to this report.

Recommendation 4

That the PVMGC Board sanction this policy and procedures manual for the Golf Course.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Draft policies and procedures manual to be brought to Board for approval, Q4, 2011.

Recommendation 5

That the PVMGC Board approve, after due consideration, future revisions to policies and procedures.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Draft policies and procedures to include approval date and revised dates.

5.3 Expenditures

By not scrutinizing all invoices/receipts attached to an expense as support documentation, the City of Ottawa is allowing payment of possible inappropriate or questionable expenditures.

5.3.1 Submitting (by Pine View) and Acceptance (by City of Ottawa Finance) of Fabricated Receipts to Support Transactions.

Expenditures are not always supported by an original invoice or receipt. Our review of 2009 credit card expenditures found that 17% (32 of the 191) were not substantiated by an official receipt. Most concerning was that for 25 (13%) of these expenditures, Pine View created invoices which usually included the vendor's name and address and sometimes logo (e.g. the Canadian Professional Golf Association) to simulate an official receipt. As such, there is no way of knowing that the purchases were for what is listed on the fabricated receipts and consequently that the purchase was for legitimate Pine View business. It is also not possible to determine with certainty if the tax portion reported on these fabricated invoices is accurate. We found no evidence that any of these were questioned by the City's Finance Department.

Additional fabricated receipts to support transactions were also found during the review of credit card expenditures in 2008 and 2010; during our review of Pine View's Imprest (chequing) account for 2009; and a sample of 2009 payment without reference transactions.

These receipts are based on a template which was modified to customize the supplier name, the nature of the transaction, and the amount of the transaction. The Pine View General Manager indicated that the documents were created in order to provide support for transactions where receipts and invoices were not available (receipts were lost or were non-existent). Based on our review of these transactions, the following should be noted:

- The supplier name and the amount of the transactions are only known if they are indicated on the credit card transaction reports or imprinted on the Imprest account cheques;

- For a recurring monthly donation transaction (discussed in more detail under “Imprest Chequing Account”), there was no indication that this was pursuant to a multi-year pledge. A copy of the pledge form could have been used as support for the transactions, but wasn’t;
- The nature and validity of the expenditures are in question where there is no documentation from a third party indicating what the transactions were about; and,
- It is questionable as to why so many transactions are missing supporting receipts.

Recommendation 6

That, at all times, the PVMGC submit original receipts to support all expenditures (e.g., credit card, Imprest account, payment without reference, etc.) and that created invoices/receipts no longer be used.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The requirement for original receipts will be documented in all purchasing policies of the Board.

Recommendation 7

That the City not accept or process any transaction without authentic documentation to support the expenditures.

City’s Management Response

Management agrees with this recommendation.

The City’s Finance department will ensure that transactions are processed with authentic documentation to support the expenditures.

5.3.2 Questionable Charges on Visa Credit Card

Several expenditures were found to contravene the City’s credit card requirements.

At the time of our fieldwork, PVMGC had only one credit card, issued in April 2008 to the General Manager. At that time the incumbent signed an agreement of responsibility stating that they “agreed to comply with the policies and procedures of the City pertaining to purchasing of goods and services”. The signed agreement also states that the credit card cannot be used to charge personal purchases; and that monthly cardholder statement reconciliation must be accompanied by receipts.

The City of Ottawa Purchasing Card Procedures states that: *“The purchasing card may not be used to pay for:*

- *personal purchases,*
- *memberships or professional fees,*
- *travel and entertainment expenses,*

- *restaurants and catering,*
- *gifts, commemorative items or flowers*
- *cash advances,*
- *alcoholic beverages,*
- *third party purchases,*
- *cell phones/pagers, or*
- *monthly billings for telecommunications services, such as cell phone, pager service, internet access, cable service."*

As part of our fieldwork, we reviewed a sample of 2008, all 2009, and a sample of 2010 credit card expenditures. Pine View's General Manager had credit card expenditures in the amount of:

- \$14,500 in 2008 (part year);
- \$41,800 in 2009; and,
- \$41,280 in 2010.

We noted an array of purchases which could have been perceived as personal and/or questionable including entertainment, travel expenses, gifts, meals, golf tournament fees, etc.

In one case \$968.13 in supplies were sold to City of Ottawa using the address of one of the City's Long-term Care Homes and which was paid through the General Manager's credit card. The reason provided for these charges was "driving range". The General Manager advised that the vendor had used the Long-Term Care Home customer number so that Pine View could avail itself of a lower price.

Alcohol (wine, spirits, beer) were noted to have been charged. However, except for the Christmas staff lunch, there were no alcohol charges purchased using the credit card after a change in the City's FSU Account Manager mid-2009.

We noted that at times support for restaurant expenditures was not the detailed/itemized bill but rather the signed credit card authorization. We do not consider an original VISA chit an original receipt unless it lists the purchased items.

We also noted that a charity donation of \$166.67 was being charged monthly. We were able to confirm with the charity that the General Manager attended a 2008 event where he pledged \$10,000 (monthly - \$166.67) over five years in the care of the Pine View Municipal Golf Course. His last contribution was March 1, 2011. During the course of the audit, he cancelled the donation. We understand from the Board of Management that they were unaware of this expenditure and as such did not approve it.

Based on our review of accounting records, we identified five separate instances of hockey tickets being purchased for the Ottawa Senators. Eleven tickets in total were purchased. In at least one instance, Pine View staff attended the game. The

Pine View General Manager indicated that he had been invited to attend the game by a sales representative and purchased additional tickets so that other Pine View staff could attend the event.

As for the remaining tickets purchased, Pine View's General Manager indicated that they were used as prizes for tournaments (late fall and early spring) and end of golf seasons functions. No documentation exists to demonstrate how the tickets were actually used, for which event they were provided as prizes and by whom they were used. In addition, the Pine View General Manager indicated that purchases of hockey tickets were made while operating Pine View as a golf course as opposed to having made the purchases in consideration of City of Ottawa policies. Again, the policy and procedures manual does not have a related directive on hospitality.

We could find no indication in the credit card reconciliations that these were questioned by the FSU or the credit card administrator. There was also no attached documentation with the signed agreement of responsibility indicating that the General Manager did not have to follow any of the City's rules on purchases.

In February 2011 we confirmed that the City had received a request to increase the Pine View General Manager's credit card limits from:

- \$2,500 to \$10,000 per transaction; and,
- \$25,000 to \$30,000 per month.

This increase request was authorized by the Board of Management.

Recommendation 8

That the PVMGC conform to City policy and procedures (unless otherwise noted/accepted by the Board) and that the City's Finance Department question any expenditure that does not meet City criteria and/or Board approved criteria.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Draft policies and procedures manual to be brought to the Board for approval, Q4, 2011.

City's Management Response

Management agrees with this recommendation.

As financial policies and procedures are approved by the PVMGC Board, the Finance department will ensure that they are adhered to.

5.3.3 Travel Claim Form Not Used

A Travel Policy and procedures govern travel at the City of Ottawa. Employees who travel on City business are reimbursed for transportation, meals (excluding alcoholic beverages), accommodation (excluding mini-bar and movies), incidental expenses, registration, costs of foreign exchange and/or traveller's cheques, premiums for out-of-country health insurance (if applicable and if required), telephone calls made to place of work, and Internet connection costs if used for work purposes. The City reimburses its employees in accordance with rates established for the period in which the travel occurs and includes the per kilometre mileage reimbursement as well as per diem amount allowed.

We noted that no such policy or procedures are in use at Pine View. PVMGC employees charged costs for hotels and meals directly to the City issued credit card. By not having to submit a travel form and having set daily per diems with established upset limits, the potential for abuse exists in terms of the level of charges. There is also no full costing of the business trip. As such, we noted that food and accommodation charges were on several occasions for more than one guest.

Again, these charges were not questioned by the FSU or the credit card administrator.

There is currently no specific policy on the process to be followed by Pine View employees for approval and reimbursement of travel expenses. Pine View should consider establishing such a policy (which could include formally adopting the relevant City of Ottawa policy on the subject) to ensure that travel claims are properly documented and justified.

Recommendation 9

That the PVMGC establish a travel policy to be approved by its Board of Management.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. A PVMGC Travel Policy will be presented to the Board for approval, Q4, 2011.

Recommendation 10

That the PVMGC use Travel Claim forms to reconcile and document travel.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Travel claim forms will be included as part of Travel Policy to be presented to the Board for approval, Q4, 2011

Recommendation 11

That the PVMGC Board of Management approve the use of the City's per diems or set a per diem upset limit for PVMGC employees.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Per diems to be included in the Travel Policy to be presented to the Board for approval, Q4, 2011.

5.3.4 Car Mileage Claim Form Not Used

The General Manager's Employment Contract, signed April 2008, sets the terms and conditions as parallel to those of Management and Professional Exempt (MPE) employees. It further specifies that reimbursement for business travel is based on competitive rate (at the time of writing this report, 50 cents per kilometre). It is required that any MPE employee submit a car mileage claim form authorized by a supervisor in order to get mileage reimbursed. As such, Pine View's practice contravenes the employee's contract.

By using the City issued credit card for gas and consequently not submitting a car mileage claim form, there is no accountability as to the amount of kilometres which should have been reimbursed. The potential for having charges put through for inappropriate expenses exists. There is also no full costing of business trips and mileage.

It was noted that the Food and Beverage Manager receives a car mileage allowance in the amount of \$46.16/bi-weekly. At the time of this report, Payroll Services could not provide a rationale as to why the Food and Beverage Manager receives a car mileage allowance. Payroll Services were advised by the PVMGC that this was a Board of Management decision but that these records no longer existed and that the allowance was still needed. We could find no documentation to support the Board's decision in this matter and were informed that Payroll was going to document PVMGC's response as authorization for the car allowance.

Recommendation 12

That the PVMGC use Car Mileage Claim forms to request reimbursements for the use of their personal vehicle; and, that its Board approve the use of the City's mileage rate or set a mileage rate for PVMGC employees. (In the case of the General Manager, the rate used should match his/her employment contract.)

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Car mileage policy to be included in draft Policy and Procedure Manual to be presented to the Board for approval, Q4, 2011.

Recommendation 13

That the PVMGC Board approve the biweekly car allowance for Food and Beverage Manager.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. PVMGC Board approved the biweekly car allowance for the Food and Beverage Manager at its June 30, 2011 meeting and will review this allowance on an annual basis as part of the annual budget approval process.

5.4 Safeguarding of Funds

Unless suitable controls are implemented to minimize loss or inappropriate use of petty cash funds and change/cash floats safeguards are strengthened, there are potential for losses to occur. In addition to the information and recommendations presented below, further details and recommendations have been provided to management regarding cash handling practices at Pine View. These have not been presented here due to security concerns; however, the additional recommendations will be subject to the follow-up audit when one is undertaken.

5.4.1 Petty Cash

Internal controls related to the overall petty cash process are inadequate. Pine View's safeguard, disbursements and replenishment of the petty cash fund requires strengthening.

A petty cash fund is a specified amount of cash entrusted to a single custodian to be used for small purchases or reimbursements, in cash, for items such as stamps, office supplies, etc. The fund must be kept in a safe, cash drawer, or lockbox. Only one custodian should be able to access this fund. Petty cash is a unique fund as its total amount is usually immaterial.

The sum of the actual cash in the petty cash box plus the total unreimbursed receipts should always equal the total amount of the petty cash fund stated in the general ledger. It is Pine View management's responsibility to establish and maintain a system of internal controls to adequately safeguard cash as part of their overall internal control structure. Whether Pine View adopt the City's policy or establishes its own, an upset limit on expenditure amounts as well as the type of expenditures should be clearly defined. In addition, the fund should not be increased through any means other than the City's Finance Department.

5.4.2 Cash Register Float

Internal controls related to cash register floats are inadequate. Pine View's safeguard and level of floats requires strengthening.

A change float or cash register float is a specified amount of money in the form of cash established by management at various work sites to provide change to clients when purchasing City goods or services. The float(s) must be kept in a safe, cash drawer, cash register or lockbox.

Our count of a second float revealed that the actual amount also did not match the amount indicated on the deposit summary. Pine View management could not explain why the amounts did not match.

One week prior to our visit, staff were instructed to no longer count the amount they deposit from their cash register float. Staff did not know the reason for this new process. This new practice is concerning as it gives the opportunity for the one staff that counts the deposit not to deposit overages or to create underage, misappropriate funds and adjust the revenues. (Misrepresentation of revenues is discussed under "Daily Deposits".)

Recommendation 14

That the PVMGC implement controls to minimize loss or inappropriate use of the petty cash funds and floats and that their safeguards be strengthened.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. City of Ottawa Corporate Petty Cash funds and Change Floats policy to be adopted by the PVMGC Board, Q4, 2011.

Recommendation 15

That the City's Finance Department periodically undertake unannounced counts and a reconciliation of the petty cash fund and all five change floats.

City's Management Response

Management agrees with this recommendation.

The City's Finance department will periodically undertake unannounced counts and a reconciliation of the petty cash fund and all five change floats.

Recommendation 16

That, in accordance with the City's cash handling policies and procedures, PVMGC record and report promptly to Finance Department overages, shortages, losses and theft.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation and it has been implemented. As of June 2011, Pine View has been recording and reporting to Finance all overages, shortages, losses and thefts on their regular deposits as per the City's Cash Handling Policies and Procedures.

Recommendation 17

That the PVMGC number of floats be decreased until it can be proved that they are required.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. All floats reviewed and approved by Board, June 30, 2011.

5.5 Daily Deposit (Overage/Underage)

Pine View Municipal Golf Course do not report overage and underage and subsequently misrepresents revenues to balance their deposits.

Pine View uses two standalone systems not linked to the City; the Greensides Bar uses Total E and the Pro Shop uses AISA. We witnessed the deposits for three days from September 10 to 12, 2010. As mentioned earlier, at that time, we were informed of a new practice adopted at Pine View, the previous week, whereby cashiers no longer balance their cash and are no longer able to access information relating to the day's transactions.

To ensure robust internal controls are maintained, not only is it important to train staff on cash handling procedures, supervise them and ensure segregation of duties, but it is imperative that all cashiers operating their own float, and balance their cash register at the end of each of their shifts. The practice of having the controller alone balance the cash register floats, isolated in a locked office, do the deposits and alter revenues is concerning. We believe that for the protection of cash handlers, two people should be present when cash is counted, acknowledged and secured. This lack of segregation of duties increases the possibility of inefficiencies, errors and irregularities.

In order to obtain the list of daily transaction totals (credit cards, debit cards and cash on hand, for the Pro Shop (AISA system), the controller runs a report as "administrator" from her office. In order to get the daily transaction totals report for the Greensides bar, the controller walks to the bar and runs the report from the bar terminal, again as administrator. We did not verify the level of access an "administrator" possesses (e.g., if transactions can be deleted).

On September 10, the day of our visit, an overage of \$39.10 in the Greensides bar's daily sales report was allocated to beer as opposed to being assigned as an overage. Taxes were also adjusted accordingly. The Pro Shop had an overage of \$8.00. This difference was assigned to green fees and HST.

For September 11, Greensides had an overage of \$41. For September 12, Greensides had a variance of \$1.13. For that day, the Pro Shop had an underage of \$185.05. This shortfall was assigned to green fees.

After balancing each cash float and counting all the daily deposits, a spreadsheet adding all deposits into one is created and emailed to Cash Operations at the City. However, the hard copy support of the deposits sent to Finance is a signed copy of this form with the Moneris slip copies (Interact, Visa Mastercard, Amex) only. No support of cash transactions (equivalent to the x and z tapes) is provided to Finance. As such, Finance is not provided the information to be made aware of adjustments made to deposits by the Comptroller nor are they requesting it.

We are of the opinion that Finance Department should consider as a red flag any facilities whose deposits consistently do not have any overage and/or underage as irregular.

Recommendation 18

That the PVMGC return to the practice of having the cashier(s) balance their till to the day's sales at the end of each shift.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The implementation of the Visual Touch system will provide cashiers with appropriate reporting documentation to balance daily sales at the end of each shift. Implementation of Visual Touch system to be completed Q4 2011 at which time all cashiers will balance their till to the day's sales at the end of each shift.

Recommendation 19

That the PVMGC cease the practice of altering revenues and report all overage and underage.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. All overages and underages reported as of Q2, 2011.

Recommendation 20

That the Finance Department request that the equivalent of the x and z tapes accompany the deposit.

City's Management Response

Management agrees with this recommendation.

Finance will work with Pine View to review potential solutions. Finance understands that Pine View is implementing a new Point of Sale system which should provide balancing reports that are the equivalent of the x and z tapes.

The implementation and timing of this recommendation is dependent upon Pine View implementing Recommendation 20. This system needs to be reflected in the PVMGC procedures.

5.6 Reimbursements

The City's Finance Department paid claims without appropriate receipts.

We reviewed five reimbursements made to the General Manager in 2009/2010 and found that of the \$5,290 reimbursed, official receipts had only been submitted for \$313 (6%) of reimbursements.

The table below outlines the personal reimbursement amounts as well as the reason for the reimbursements.

Table 4: Personal Reimbursements – General Manager

#	Reimbursements for	Amount	Receipts
1	Massey Ferguson Used Tractor, hot dog steamer, maintenance weight scale	\$2,572.50	no receipts
2	Cell phone (in GM's spouses name) monthly charges	\$472.91	no receipts **
3	Mileage	\$959.62	no receipts
4	Gas, food, lunch, mileage, etc.	\$772.13	no receipt 458.64 mileage
5	Ink, microwave, computer monitor, generator	\$513.02	no receipts
Total Reimbursements		\$5,290.18	

** Not checked against p-card

By not obtaining proper receipts, there are risks that the claim is for fictitious expenses, or inflated business expenses (e.g., charging items for personal reasons (gas, groceries, hotels); seeking reimbursement for items that were never purchased (e.g., office supplies); using inflated mileage totals when seeking reimbursement for auto travel; etc.

Although we cannot determine the date when the various travel took place from the Finance documentation, City management have stated that verification was made and that no gas receipts had been submitted on credit card statements covering this time period to ensure no duplication of transactions.

Recommendation 21

That the Finance Department not reimburse any employees or vendors without proper supporting original documentation.

City's Management Response

Management agrees with this recommendation.

The Finance department will not reimburse any employee or vendor without proper supporting original documentation.

5.7 Gratuities

Gratuities policies for employees are often in place to prevent any conflict of interest between clients, potential clients, employees and employers. Whether for seated service, buffet, meeting/seminar, or tournament, all PVMGC menu prices are subject to 15% gratuity. These amounts are then paid to Pine View by their clients. The gratuities are separate from any cash gratuities/tips which may be left with bartenders servicing functions and banquets, and at Greensides (Pine View's Clubhouse restaurant).

During the year, gratuities are collected and deposited to a separate cost element (account) within the City's accounts. At the end of each year, approximately 25% of these monies are credited to staff food or to breakage; and the remaining 75% is distributed among employees.

Based on discussions with the Pine View General Manager, we understand that he decided the amount to be paid to each employee. The payments were then made to the employees through the City of Ottawa payroll process.

For the 2008 calendar year, \$15,306 was collected in gratuities, of which \$12,000 was paid to Pine View staff and \$3,306 recorded as a credit to expenses to offset costs due to breakage. We note that the highest amounts (\$1,300) were paid to four employees: two office staff, the food and beverage manager and the superintendent. The General Manager did not partake in the gratuities of 2008.

For the 2009 calendar year, \$25,846 was collected in gratuities, of which \$19,650 was paid to Pine View staff, \$5,000 recorded as a credit to food sales (to offset food discounts provided to Pine View staff) and \$1,196 recorded as a credit to expenses to offset costs due to breakage. Based on a breakdown of the amounts paid by individuals, we have noted that the highest amounts (\$1,900) were paid to each of three administrative staff, including the General Manager.

As our period of review ended on December 31, 2010, we have not reviewed any transactions in 2011 to determine whether a distribution of gratuities was made to employees in early 2011 for the 2010 calendar year. Based on transactions recorded in the general ledger, it appears that approximately \$25,000 may have been accrued as gratuities payable.

Based on our review of these transactions, the following should be noted:

- The Pine View Manager has determined the specific amounts of the gratuity payments at his discretion. In addition, the Manager determined the amount he would personally receive in gratuities.
- There is no specific policy as to how the gratuities should be treated by Pine View.
- We understand that there is no specific policy in the Manager's contract regarding the payments of gratuities.

- The Pine View Board was not consulted regarding the payment of gratuities to staff members.

As mentioned above, Pine View's policy and procedure manual does not currently contain guidance on the ownership, use and distribution of gratuities collected to offset operating expenses (staff food costs and breakage fees). The General Manager subjectively allocates these.

Furthermore, we noted that the office and management employees, including the General Manager received the greatest amount of these gratuities. It should be noted that the General Manager position, contrary to other PVMGC positions, is entitled to a yearly bonus as per the Management Professional Exempt contract.

Recommendation 22

That the PVMGC create a policy to be approved by the Board, specifically outlining who the gratuities belong to; how they will be handled; and, distributed.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Gratuity policy to be included in Policies and Procedures manual to be presented to the Board for approval, Q4, 2011.

Recommendation 23

That the PVMGC fully inform its employees on the distribution and breakdown of gratuities and purpose of any deductions.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. Following the approval of the Gratuity in Q4, 2011, all staff will be informed of the distribution and breakdown of gratuities and the purpose of any deduction.

5.8 Sick Leave Policy

Pine View Office employees were not aware of sick leave policy or procedures governing absences.

Pine View employees stated not knowing if the leave would be captured if they called in sick - the office's seasonal employee stated they would not get paid; and the full time employee thought that apart from not being at work no capturing of this data would occur.

Regardless, if Pine View does not at present have an established policy, one should be crafted.

Recommendation 24

That the PVMGC develop a sick leave policy to be approved by its Board of Management.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. A leave policy will be included in the draft Policies and Procedures manual to be presented to the Board for approval, Q4, 2011.

Recommendation 25

That the PVMGC ensures that all personnel are fully informed of the sick leave policy and that any sick leave days be captured.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. All personnel will be fully informed of the sick leave policy and in conjunction with the City of Ottawa payroll department, ensure that any sick leave days are captured, following Board approval of the Leave policy to be presented in Q4, 2011.

5.9 Overtime Not Recorded Properly

We were informed that overtime which occurs during a statutory holiday is recorded on the timesheet sent to Payroll. However, three seasonal Pine View employees had banked overtime on a separate spreadsheet maintained by the Office Clerk.

All hours worked should be provided to Payroll Services. Pine View should not keep track of additional hours worked separately.

Recommendation 26

That the PVMGC record all overtime on the timesheet provided to Payroll.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. A new payroll reporting process was designed in conjunction with City of Ottawa payroll staff and implemented as of July 14, 2011 which records all overtime on the timesheet provided to payroll.

5.10 Use of Manual Receipts

We also found that any payments received from within the Pine View Office are not entered through a cash register but are receipted with manual receipts. The sequence between 2636 and 2644 were used for this deposit, however manual receipt 2637 was missing. (It is a good practice to include void manual receipts with deposits.) We also noted a receipt for a refund. Another receipt for the payment of three invoices was made out for \$40 more than the sum of the three invoices. No invoice or additional documentation was attached to the receipts included in the deposits. This leads to the possibility of errors or wrongdoing.

A cash register, with a cash drawer that would be used to store cash, would calculate and record both sales transactions and refunds. The register would also automatically print receipts. Even if manual receipts continue to be used, investing in a cash register is a recommended internal control.

City management advised us that Finance had recommended a cash register in the past for the Pine View Office. Pine View was of the opinion they did not require one in the front office. It is important to note that Finance does not support the cash registers installed at the Golf Course, only the debit/credit card machines and cash handling supplies.

Recommendation 27

That the PVMGC invest in a cash register for the office and not use manual receipt.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. PVMGC to implement Visual Touch computerized system which will provide all the functionality of a cash register and produce automated receipts, Q4 2011.

5.11 Imprest Chequing Account

An Imprest chequing account is an account which is usually set up to make a specific category of expenditures; such as LCBO purchases, which Pine View employees advised us cannot be paid through credit card.

Pine View's policy and procedure manual does not contain any guidance / direction relating to the Imprest chequing account.

We noted that the Imprest account cheque-book had not been duly filled in at the time the cheques were issued (removed) and as such the carbon copy did not contain the required information. Many cheques were also made out to employees directly and not to the vendor. As many times only the stub was completed and sometimes only with an employee's name, it was not possible to ascertain the appropriateness of these disbursements.

We reviewed 115 cheques from the last cheque of 2008 to the first cheque of 2010 totalling \$115,070 (112 issued cheques plus 3 voids).

A review of the documents sent to the City's Finance department revealed that during 2009, 33 staff reimbursements (to 7 PVMGC employees) were made using the Imprest account rather than using the normal City issued cheque (via Finance Department). This indicates that during 2009, 6% of the dollar value of Imprest account cheques issued was for staff reimbursements. In one case the employee was reimbursed using two cheques.

Additional weaknesses were noted in the Imprest account in relation to:

- Lack of segregation of duties (e.g., 8 cheques totalling approximately \$1,200 were payable to one of the employees who also signed the cheque);
- Unaccounted cheques (e.g., April 17, 2009 a cheque for \$900 was made out to "Cash"):
 - The support was received by the City's Finance Department and entered in May 2010;
 - The cheque was made out to "Cash" with the particulars stating "Float for the Pro Shop" however the cheque was entered as "petty cash";
 - On the day of our visit, the Pro Shop float was \$755.60.
- Transaction records (stub) incomplete (e.g., ranging from payee not filled in; to no information noted except name of staff member who removed cheque; to no information provided; to only providing a reason - beer order, etc.); and,
- Transactions which could have been paid using a purchasing card or by cheque issued by the City (e.g., foursome entry for a charity golf tournament; invoice from BELL).

Recommendation 28

That the PVMGC create a policy on the use of the Imprest chequing account.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The Imprest chequing account policy is to be included in the Policies and Procedures manual to be presented to the Board for approval, Q4, 2011.

Recommendation 29

That the PVMGC only use the Imprest chequing account for purchases that cannot be paid using normal processes.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. The Imprest Chequing account policy will be included in the Policies and Procedures manual

to be presented to the Board for approval, Q4, 2011. This policy will outline the types of purchases that can be made using the Imprest account.

Recommendation 30

That the PVMGC issue cheques to specific vendors and not to “Cash”.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. This recommendation will be included in the Imprest Chequing account policy as per recommendation #28.

Recommendation 31

That the PVMGC reimburse employees through a City issued cheque as opposed to using the Imprest account.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. This recommendation will be included in the Imprest Chequing account policy as per recommendation #28.

Audit objective/criteria 2:

To assess if individual facilities offer services to the public in both official languages.

Services provided in French are not equivalent to those provided in English.

We were informed by French Language Services (FLS) that a third party, such as Pine View, can only be encouraged to develop a French language policy and provide services in both official languages. However, this is not specified in the City bilingualism policy. Furthermore, they advised us that they (FLS) do not oversee that services are provided in both languages unless a complaint is made

Pine View’s policy and procedures manual did include a bilingualism policy.

Several telephone calls were made prior to visiting the Pine View, in order to ascertain the level of French services. We had difficulty being transferred or reaching an individual and were not able to receive any services in French.

The Office Clerk is fully bilingual. However we noted that some signs were in English only.

On the day of our visit, the employee working in the Pro Shop could not provide services in French.

The English PVMGC website was created in 2008. In March 2011 part of the website was French. In addition to having different information compared to the

English website, we noted that the French contained many grammatical errors, outdated French information, English words and phrases, poor translation, etc.

We did also note that the English website also contained grammatical errors.

Recommendation 32

That the PVMGC provide equivalent services in both official languages.

PVMGC Board of Management Response

The Board of Management agrees with this recommendation. A Bilingualism policy will be included in the Policies and Procedures manual to be approved by the Board, Q4, 2011. The Pine View website update was initiated Q2, 2011. New/replacement signage to be bilingual or omni-lingual (e.g., pictograms), Q3, 2011. Full implementation to be completed by Q1, 2012.

Recommendation 33

That the City review the application of its bilingualism policy to ensure that it is being applied correctly.

City's Management Response

Management agrees with this recommendation.

Management believes that the Bilingualism policy approved by Council is clear in identifying which organizations the policy applies to. Management will, however, review the application of this policy to ensure that its implementation is fulfilling the intent of the policy as part of the work being undertaken at mid-term governance review. This work is expected to be complete by Q4 2012.

6 CONCLUSION

Since its inception in 1972, there has not been an agreement between the Pine View entity and the owner municipality or municipalities setting up roles, responsibilities and authorities. As noted in other audits of arm's length facilities (notably the Audit of the Ottawa Municipal Campground), the City needs to focus its attention on clearly defining an outside facility's role versus its own therefore ensuring an appropriate level of oversight in all aspects of operations.

Operationally, financial controls need to be strengthened and monitored to ensure PVMGC meet and are consistent with City of Ottawa policies and procedures and/or Board of Management approved policies and procedures. This audit identified lapses in oversight and support relating to financial management, human resources and information technology.

Although the Pine View Municipal Golf Course Board of Management passed and carried a motion on November 4, 2009 that Pine View staff bring forward a report containing a strategy for strengthening operating and management policies in consultation with City of Ottawa staff, this was not actioned.

The governance and reporting structure of Pine View should be reviewed as part of the Clerk's mid-term governance review and include the potential for incorporating the Golf Course directly into the Parks, Recreation and Culture Department.

Given the size of the organization, many of the issues identified in the audit deal with relatively small dollar amounts. Despite this, these issues clearly indicate improvements in financial controls are needed with respect to activities at the PVMGC.

7 ACKNOWLEDGEMENT

We wish to express our appreciation for the cooperation and assistance afforded the audit team by City and Pine View management and Pine View Municipal Golf Course Board of Management.