

Audit of the Treasury Function

Treasury Function in Compliance with Legislation and Policies

Ottawa, November 28, 2013 – Auditor General Alain Lalonde has determined that the City’s Treasury function, which manages a portfolio valued at \$943 million, is meeting its legislative and policy requirements. The audit of the Treasury Function was presented today as part of the 2012 annual report.

“The City's Treasury related policies and procedures are consistent with relevant legislation,” said Mr. Lalonde. “The rate of return on investments during 2011 was 3.98%.”

While the Treasury Unit is functioning well, the audit identified several areas that need to be addressed:

- The audit states that there is no documented and Treasury-specific operational plan, creating difficulties in observing the alignment between the risks identified through the risk assessment process and the function's priorities and plans.
- The audit also found that a formal performance measurement methodology related to Treasury has not been developed and implemented. This reduces the efficiency and overall effectiveness with which actual performance results can be measured, monitored and reported on to Council.

The audit recommends increasing the use of Electronic Funds Transfers which could lead to annual savings of as much as \$100,000. Total potential savings identified in the audit are \$185,000.

The Treasury Unit is responsible for the City’s cash management and long-term financing. In addition, it provides advice, analysis and support for various loan guarantee requests and P3 projects.

The audit makes 11 recommendations, all of which management has agreed to.

The **Audit of the Treasury Function** is available on the Auditor General’s Web site at www.ottawa.ca.

Information:

Lise Renaud

Telephone: 613-580-9602

E-mail: OAG@ottawa.ca

Audit of Corporate Credit Cards

Credit Card Program Well Administered

Ottawa, November 28, 2013 – The City’s credit card program, with 2011 purchases valued at \$16.6 million, is well administered and well supported by Finance Department. The comments are contained in the Audit of Corporate Credit Cards as part of the Auditor General’s 2012 annual report to Council.

“The City has clear processes, heightened supervision and oversight over reconciliations verification, as well as satisfactory compliance against applicable policies and procedures,” states Alain Lalonde.

Based on both a judgmental and random sample, error rates were low and controls were functioning as intended.

The audit recommends that the City increase the use of credit cards versus petty cash or cheques which could yield annual savings of \$250,000. Having staff at the lower operational level carry out the purchasing instead of more senior level employees could save approximately \$10,000 per year. Total potential savings identified in the audit are \$260,000.

Management agrees with all of the audit’s 13 recommendations.

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Information:

Lise Renaud

Telephone: 613-580-9602

E-mail: OAG@ottawa.ca

Audit of Construction Supervision

Improvements Needed with Suppliers of Construction Services

Ottawa, November 28, 2013 – There are opportunities for the City to improve the effectiveness of its construction supervision processes. That is the main finding of an audit by Auditor General Alain Lalonde presented as part of his 2012 annual report to Council.

“Review of the change orders for the various projects we examined show that several resulted from design errors and omissions,” concludes Mr. Lalonde. “In some instances, the cost of the entire change order was the result of consultants’ errors and omissions. Although these issues were raised by City staff, the City paid the entire amount, without requiring the consultant to cover the additional costs.”

In addition, the audit found that:

- The City does not have a policy or procedures to evaluate the past performance of contractors on previous City contracts when determining the award of a contract;
- Past performance of contractors should be documented and a rating system established to enable the City to take the contractors’ past performance into account when the companies are competing for new work; and,
- The City should change the current method of advertising tenders to include a wider distribution to ensure that the City opportunities have the largest exposure possible.

The audit examined 19 specific construction projects and estimates that \$1.2 million could be recovered from change orders resulting from design errors when projected over the entire population of projects. An additional \$435,000 in contractor mark-up fees could be saved annually for police assistance at intersections if it were paid directly by the City to Ottawa Police Service rather than via the contractor. Total potential savings identified in the audit are \$1,635,000.

Management agrees with all of the audit’s 13 recommendations.

The **Audit of Construction Supervision** is available on the Auditor General’s Web site at www.ottawa.ca.

Information:

Lise Renaud

Telephone: 613-580-9602

E-mail: OAG@ottawa.ca

Audit of Client Service Centres

Opportunities to Streamline Client Service Centres

Ottawa, November 28, 2013 – The City could streamline operations in its seven Client Service Centres to reduce staff and save money. The findings are included in Alain Lalonde’s 2012 annual report to Council.

“There are opportunities to increase automated transactions for service delivery and potential savings from these alternative delivery methods,” says Mr. Lalonde.

The audit goes on to state that, based on an analysis of the level of activity at each centre, consideration should be given to closing some centres given their low usage rates. In addition, the audit indicates that resources are not fully utilized and that as many as 13 positions could be eliminated. This would result in an annual savings of \$824,000. Total potential savings identified in the audit are \$860,000.

Finally, the audit indicates that there has been no updated operational risk assessment at the Client Service Centres unit level which is required by the April 2010 Council approved Enhanced Risk Management Framework and Policy.

Management has agreed with all of the audit’s 17 recommendations.

The **Audit of Client Service Centres** is available on the Auditor General’s Web site at www.ottawa.ca.

Information:

Lise Renaud

Telephone: 613-580-9602

E-mail: OAG@ottawa.ca

Audit of the Ontario Works Eligibility Assessment Process

Eligibility Assessment Process Effective

Ottawa, November 28, 2013 – An audit of the City of Ottawa’s Ontario Works Eligibility Assessment Process has found that the initial eligibility assessments for assistance are granted in accordance with the Ontario Works Act, Regulations and policy directives. This is the key finding of the audit presented in Alain Lalonde’s 2012 annual report to Council.

“For the most part, the receipt, verification and appropriate analysis of required information are documented accordingly for the application process.” said Mr. Lalonde.

Within the selected sample, a total of \$3,840 in payments of benefits to recipients was identified as being ineligible. This represents approximately 0.6% of the population tested. Although the sample is not necessarily statistically valid, if this error rate held consistent across the entire population of payments, the total ineligible payments during the period from January 2011 to June 2012 would be approximately \$834,000.

The audit found that by increasing the number of cases assigned to each case worker, the City could decrease the number of generic case workers to be more in line with the provincial median. This would result in a staffing reduction savings of approximately \$1,549,200 annually. Total potential savings identified in the audit are \$2,567,750.

The audit also recommends that the Community and Social Services Department work with Human Resources on an Attendance Management program with the objective of reducing sick leave of case workers to the rate currently achieved in the East Service Centre (i.e., 16.5 days). Other Centres are as high as 21 days per year whereas the City-wide average of all employees is 11.

Management has agreed with all of the audit’s 18 recommendations.

The **Ontario Works Eligibility Assessment Process** is available on the Auditor General’s Web site at www.ottawa.ca.

Information:

Lise Renaud

Telephone: 613-580-9602

E-mail: OAG@ottawa.ca

Auditor General Releases 14 Follow-up Audits

Significant Progress Reported in Implementing the Majority of Recommendations

Ottawa, November 28, 2013 – In all cases, the follow-up audits conducted by Auditor General Alain Lalonde demonstrate that Management is moving towards implementing the majority of his original audits’ recommendations. These follow-up audits are part of Mr. Lalonde’s 2012 annual report to Council.

“I am pleased that Management has seriously considered our audit work and acted on the vast majority of our findings,” says Mr. Lalonde.

Significant progress had been made on 88% (128/146) of the recommendations we reviewed.

The **follow-up audits** are available on the Auditor General’s Web site at www.ottawa.ca.

Information:

Lise Renaud

Telephone: 613-580-9602

E-mail: OAG@ottawa.ca

Fraud and Waste Hotline

City's Fraud and Waste Hotline Continues to be Well-Used

Ottawa, November 28, 2013 – In 2012, 143 reports to the City of Ottawa's Fraud and Waste Hotline were made by employees and members of the public. The information was presented today by Auditor General Alain Lalonde in his 2012 annual report.

The City's Hotline, which was launched in November 2005, became available to the public on May 21, 2009. In 2012, 82 reports (57%) were submitted by members of the public and 61 (43%) by City employees.

“Based on the number of reports received from members of the public and our employees, it would appear interest in using the service remains strong,” states Alain Lalonde.

All Hotline reports have been provided to the offices of the Mayor and City Manager. Based on Council direction, all reports are also sent to the Chair of the Audit Sub-Committee.

The full 2012 annual report on the **Fraud and Waste Hotline** is available on the Auditor General's Web site at www.ottawa.ca.

Information:

Lise Renaud

Telephone: 613-580-9602

E-mail: OAG@ottawa.ca