



Office of the Auditor General / Bureau du vérificateur général

**FOLLOW-UP TO THE 2010 AUDIT OF THE
NEPEAN SAILING CLUB AGREEMENT**

2012

**SUIVI DE LA VÉRIFICATION DE L'ACCORD DU
NEPEAN SAILING CLUB DE 2010**

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EXECUTIVE SUMMARY

Introduction

The Follow-up to the 2010 Audit of the Nepean Sailing Club Agreement was included in the Auditor General's Audit Plan.

The key findings of the original 2010 audit included:

- An audit of the City of Ottawa's lease and loan agreements shows that the Nepean Sailing Club is in compliance with the terms and conditions.
- The Nepean Sailing Club is considered an arms-length organization and so the audit was limited to examining if the agreements were up to date and in compliance.
- The loan of \$1.45 million dollars is being repaid on an annual basis to the City until June 2023. The length of the leases has now been updated to reflect the end date of the loan agreement.

Summary of the Level of Completion

The table below outlines our assessment of the level of completion of each recommendation as of December 2012. It also outlines management's assessment of the level of completion of each recommendation as of March 2013.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	-	-	-
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	-	-	-
SUBSTANTIALLY COMPLETE	75 – 99	-	-	-
COMPLETE	100	1, 2, 3	3	100%
TOTAL			3	100%

Conclusion

The City has fully addressed the recommendations of the 2010 audit of the Nepean Sailing Club Agreement. Implementation of these is completed.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.

RÉSUMÉ

Introduction

Le Suivi de la vérification de l'accord du Nepean Sailing Club de 2010 était prévu dans le Plan de vérification du vérificateur général.

Les principales constatations de la vérification de 2010 sont les suivantes :

- Une vérification des ententes de location et de prêt conclue avec la Ville d'Ottawa a révélé que le *Nepean Sailing Club* en respectait les conditions.
- Le *Nepean Sailing Club* étant considéré comme une organisation sans lien de dépendance avec la Ville, la vérification a uniquement consisté à examiner si les ententes étaient à jour et si les conditions en étaient respectées.
- Le prêt de 1,45 million de dollars fait l'objet de remboursements annuels à la Ville jusqu'en juin 2023. La durée des baux a été mise à jour pour tenir compte de la date de fin de l'accord de prêt.

Sommaire du degré d'achèvement

Le tableau ci-dessous présente notre évaluation du degré d'achèvement de chaque recommandation au mois de décembre 2012. Celui-ci présente également l'évaluation de la direction concernant le degré de réalisation de chaque recommandation au mois de mars 2013 :

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 – 24	-	-	-
ACTION AMORCÉE	25 – 49	-	-	-
COMPLÉTÉE EN PARTIE	50 – 74	-	-	-
PRATIQUEMENT COMPLÉTÉE	75 – 99	-	-	-
COMPLÉTÉE	100	1, 2, 3	3	100 %
TOTAL			3	100 %

Conclusion

La Ville a traité les recommandations de la vérification de l'accord du Nepean Sailing Club de 2010. La mise en œuvre des recommandations est terminée.

Remerciements

Nous tenons à remercier la direction pour la coopération et l'assistance accordées à l'équipe de vérification.

1 INTRODUCTION

The Follow-up to the 2010 Audit of the Nepean Sailing Club Agreement was included in the Auditor General's Audit Plan.

2 KEY FINDINGS OF THE ORIGINAL 2010 AUDIT

- An audit of the City of Ottawa's lease and loan agreements shows that the Nepean Sailing Club is in compliance with the terms and conditions.
- The Nepean Sailing Club is considered an arms-length organization and so the audit was limited to examining if the agreements were up to date and in compliance.
- The loan of \$1.45 million dollars is being repaid on an annual basis to the City until June 2023. The length of the leases has now been updated to reflect the end date of the loan agreement.

3 STATUS OF IMPLEMENTATION OF 2010 AUDIT RECOMMENDATIONS

2010 Recommendation 1

That the City ensure the accuracy of start and end dates of lease agreement when set up in SAP.

2010 Management Response

Management agrees with this recommendation.

In this particular case, staff was required to extend end dates in order to continue billing, as the result of an overholding tenant who had remained in the rental premises after the tenancy had expired.

A summer student was hired to update the SAP/Real Estate (RE) module to capture accurate end-date information. This is now a distinct reporting option in addition to the billing end-date.

Staff have created and implemented the use of the Agreement Summary sheet, which includes all details of lease agreements, including start and end dates. It is attached to the lease file and provided to the Administrator of leasing for entry into SAP.

Management Representation of the Status of Implementation of Recommendation 1 as of July 3, 2012

Implementation of this recommendation is complete as per the management response.

Management: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 1

This lease agreement's start and end dates were set up appropriately in SAP.

We confirmed that the annual net rental amounts received from NSC equalled principle repayments of \$130,000 in 2011 and \$133,770 in 2012. Annual rent was charged and paid monthly from January to December (for each of 2011 and 2012) as defined in the May 2012 Council approved lease agreement with the NSC.

OAG: % complete *100%*

2010 Recommendation 2

That the City simplify the transactions used to update the rent in SAP.

2010 Management Response

Management agrees with this recommendation.

When a contract is being extended and updated in SAP/RE to include new rental data, a manual invoice is now created outside of the RE module. This has been implemented to alleviate numerous follow-up postings to the customer account. Memos are attached to the contract regarding any transaction occurring outside the RE module.

Management Representation of the Status of Implementation of Recommendation 2 as of July 3, 2012

As indicated in the management response, when a contract is being extended and updated in SAP/RE to include new rental data that occurred in the previous closed year(s), a manual invoice is now created outside of the RE module, with a memo attached to the contract. When a contract is being extended and updated in SAP/RE to include new rental data in the current year, follow up postings will occur in the RE module as they always have.

Management: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 2

We concur with management representation. AP transactions have been simplified.

OAG: % complete *100%*

2010 Recommendation 3

That the City expedite the charging of the new rent amount and clean-up of the account after an agreement is approved by City Council.

2010 Management Response

Management agrees with this recommendation.

As per current practices, all supporting documentation (insurance, approved report, fully executed agreement, and Agreement Summary sheet) is required for the SAP Administrator to attach and document on the contract. Delays may occur from Council concurrence of the report to the execution of the agreement.

Management Representation of the Status of Implementation of Recommendation 3 as of July 3, 2012

Implementation of this recommendation is complete as per the management response.

Management: % complete **100%**

OAG’s Follow-up Audit Findings regarding Recommendation 3

The Lease agreement (between the Nepean Sailing Club and the City of Ottawa) report approved by Council May 2010 had NSC repay \$130,000 plus HST in 2011 and \$130,000 with annual CPI increase to previous year’s rent plus HST in 2012. Per SAP, NSC principle repayments equalled \$130,000 in 2011 and \$133,770 in 2012.

Annual net rental amounts, per the Council approved report, were charged and paid.

OAG: % complete **100%**

4 SUMMARY OF THE LEVEL OF COMPLETION

The table below outlines our assessment of the level of completion of each recommendation as of December 2012. It also outlines management’s assessment of the level of completion of each recommendation as of March 2013.

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5 CONCLUSION

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6 ACKNOWLEDGEMENT

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.