



# 2010 Annual Report

Office of the Auditor General  
September 8, 2011

## **Presentation**

- **Introduction: Alain Lalonde, Auditor General**
- **18 Audit Reports:**
  - **Dan Presse, Deputy Auditor General**
  - **Ray Kostuch, Deputy Auditor General**
- **Fraud and Waste Hotline: Ray Kostuch**
- **22 Follow-up Audits: Alain Lalonde**
- **2011 Approved Audit Plan: Alain Lalonde**
- **2012 Proposed Audit Plan: Alain Lalonde**

# Acknowledgement

**My colleagues and I wish to express our appreciation for the continued cooperation and assistance afforded the audit teams by management and staff**

*Staff of the Office of the Auditor General – 2010*

**Suzanne Bertrand**

**Ray Kostuch**

**Alain Lalonde**

**Shoshana Moss**

**Dan Presse**

**Louise Proulx**

**Lise Renaud**

**Laura Roe**

# **Additional 2010 Audit Reports**

## **Reports Presented In Camera:**

- 1. Mackenzie King Bridge Rehabilitation**
- 2. Glen Cairn Flooding and the Development Review Processes within the Carp Watershed**

## **Previously Presented to Council in 2010:**

- 1. Lansdowne Park Proposal (LPP) Financial Model (June 17, 2010)**
- 2. Procurement Process for the SmartBus Next Stop Announcement System and the SmartCard System (June 23, 2010)**

## **Provided to Respective Boards in 2011:**

- 1. Pine View Municipal Golf Course**
  - **To FEDC, October 04, 2011**
  
- 2. Ottawa Municipal Campground**
  - **To Council pending Authority decision**

# **1. Use of City Vehicles and Mileage Claims**

## **1.a Recommended improvements include:**

- Development of a complete management framework**
- Implement review and monitoring practices**
- Improve tracking and documentation**

## **1.b \$106,000 in potential budget savings if implement better controls:**

- Parking passes not used frequently enough to justify the cost**
- Vehicle allowances for staff not required to use a vehicle in their job description**

**Management agreed with all 36 recommendations**

## **2. Selected Grant Recipients Signed Agreements and Audit Clauses**

**2.a All but one of 50 grants reviewed had a signed agreement**

**2.b Standardize audit clause**

**2.c Important that City have the right to audit any grant recipient**

**Management agreed with the recommendation**

## **3. Nepean Sailing Club Agreement**

**3.a Compliant with terms and conditions**

**3.b Loan of \$1.45 million dollars being repaid on an annual basis until June 2023**

**Management agreed with all 3 recommendations**



## **4. Action Vanier (Sugarbush) Agreements**

- 4.a Provide annual funding even though forecast surplus of \$22,000**
- 4.b Missing documents from Action Vanier files and funding submission included a lower forecast surplus**
- 4.c Grants considered grandfathered “renewals” need to be reviewed and updated**

**Management agreed with all 9 recommendations**

## **5. Revenue Branch**

- 5.a Corporate tax system effective and efficient**
- 5.b All property tax bills tested were accurate**
- 5.c Branch should continue to implement automation of processes and look for additional opportunities to realize operating efficiencies and improve service to residents and businesses**
- 5.d Some systems projects underway, for which Management has identified operational efficiencies**
- 5.e \$6.7 M in property tax appeals represent potential outstanding liability not recorded in financial statements**

**Management agreed with all 22 recommendations**

## **6. Staffing Process in the Children's Services Branch**

**6.a Hired external person to a temporary position without considering potential internal candidates**

**6.b 7 months later same person was only candidate considered qualified based on having filled the temporary position**

**6.c Posting such opportunities will attract the best candidates**

**6.d Need greater transparency, fairness and impartiality in the hiring process**

**Management agreed with the recommendation**

## **7. City's Management of a Loan Agreement**

- 7.a Original \$550,000 loan approved by Council in 2006 was scheduled to be fully repaid by December 2010**
- 7.b Ottawa Firefighters Community Foundation still owes the City \$225,000**
- 7.c Council extended repayment period by additional 7 years**
- 7.d Ensure repayment schedule is properly monitored and that Council is informed on a regular basis**

**Management agreed with all 4 recommendations**

## **8. City's Role regarding a Canada Day Event**

### **8.a Canada Day events at Andrew Haydon Park:**

- Unauthorized helicopter rides**
- Non-compliant electrical hook-ups**
- Diesel spill (2009) with clean-up costs of \$57,000 that City should recover**

### **8.b Carry out proper monitoring of park rental contracts with organizers**

### **8.c Perform role to monitor compliance with consequences for non-compliance**

**Management agreed with all 10 recommendations**

## **9. Internet and Email Usage Policies and Procedures**

- 9.a Policies are in accordance with industry practices but some areas require attention**
- 9.b Need to review existing 3 month retention period for emails to ensure it is sufficient for both legal and IT requirements**
- 9.c May be no City record of information exchanged by PIN to PIN handheld devices**

**Management agreed with all 3 recommendations**

## **10. Sampling Requirements for Audits of Payroll Accuracy**

- 10.a City Treasurer should conduct, every three years, an audit of payroll accuracy**
- 10.b Sample size should be 200 records and a systematic sampling selection approach used**

**Management agreed with the recommendation**

## **11. Compressed Work Week Agreements**

- 11.a Alternative work arrangements need to be managed**
- 11.b Approximately 25% of staff at the Social Services Centre South had compressed work week agreements**
- Not fully compliant with policy and procedures**
  - Staffing program contained information that did not match the agreements**
- 11.c Non-compliance with policy and procedures:**
- Missing or expired agreements, missing approvals signatures**
  - Cases where cover-off partners were not specified**

**Management agreed with all 3 recommendations**



## **12. City's Operating Relationship with OCRI**

- 12.a In 2010, \$680,000 of the \$2.6 M City funding allocated to the Centre's administrative costs:**
- . Appears high**
  - . Has increased significantly**
- 12.b Use of economic development scorecard to ensure funds directed to key activities with reasonable administrative charges and better tracked outcomes on investments**
- 12.c Formal agreements for core funding & projects defining OCRI activities & reporting requirements exist**

**Management agreed with both recommendations**

## Fraud and Waste Hotline

- Annual Report contains 10 examples of allegations received through the Hotline

### *Reports by Reporter Type*

Reporter Type	Number of Reports	Percentage
Public	134	62%
Employee	81	38%
Total	215	100%

# Fraud and Waste Hotline

## *Reporters Who Used Two-way Communication*

Reviewed Report	Number of Reports	Percentage
No	124	58%
Yes	91	42%
Total	215	100%

# Fraud and Waste Hotline

## *Potential Savings*

### Potential Savings for the City:

Paramedic employee being on-call for providing IT services	\$ 56,168
Combination of other cases	\$ 91,208
<b>Total Estimated Savings for the City</b>	<b>\$147,376</b>

### Potential Savings for the Province:

<b>Total Undistributed Provincial Overpayments Made to a School</b>	<b>\$642,847</b>
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## **22 Follow-up Audits – General Comments**

- 1. Over 90% of original audits recommendations either in the process of, or have been fully implemented**
- 2. Significant progress on 472 of 508 recommendations**

## **Follow-up Audits - Areas with Solid Progress**

- 1. 2005 Audit of Internet Control and Usage**
- 2. 2005 Audit of Drinking Water Services**
- 3. 2006 Audit of the Wastewater and Drainage Services Division**
- 4. 2007 Audit of the Food Safety Program**
- 5. 2007 Audit of 2006 and 2007 Compensation Budgets**

## **Follow-up Audits - Areas with Solid Progress**

- 6. 2007 Audit of the Carp River Watershed and Related Studies**
- 7. 2007 Audit of Parks and Recreation Financial Management and Revenue Processes**
- 8. 2008 Audit of the Children's Services Division**
- 9. 2008 Audit of Assessment and Monitoring of Eligibility for Social Housing Subsidies**
- 10. 2008 Audit of Hospitality and Other Ethical Matters**

## **Follow-up Audits - Areas with Solid Progress**

- 11. 2008 Audit of IT Capital Expenditures and Project Approval Process**
- 12. 2008 Audit of the 2006 Sewage Spill**
- 13. 2008 Audit of the Building Code Services Process for 215 Preston Street**
- 14. 2008 Audit of the Long Term Care Branch**
- 15. 2008 Audit of the Ottawa Paramedic Service**
- 16. 2008 Audit of the Traffic Operations Division**



## **Follow-up Audits - Areas with Solid Progress**

- 17. 2008 Audit of Governance and Compliance with Access Management Agreement of SCA**
- 18. 2008 Audit of Governance and Compliance with Community Funding Agreement of the BACH**
- 19. 2007 Audit of the Parks and Recreation Branch**
- 20. 2008 Audit of the Parking Function**
- 21. 2008 Audit of Sick Leave Management**

# Approved 2011 Audit Plan

1. **OC Transpo Scheduling Process for Bus Operators**
2. **Vacant Position Management**
3. **Corporate Communications**
4. **Procurement Practices:**
  - a) **Public Sector Cooperative Purchasing Programs**
  - b) **Bulk Purchasing**
  - c) **Green Bin Contract**
  - d) **IT Hardware**

## **Approved 2011 Audit Plan**

- 5. Performance Measurement**
- 6. Occupational Health and Safety**
- 7. Human Resources Master Plan**
- 8. Grant and Contributions**
- 9. Budgeting for Growth Funding**
- 10. Follow-up of completed audits including:**
  - a) Five Specific Staffing Processes**
  - b) Specific Contracts at the NNEP**

## Approved 2011 Audit Plan

10. **Follow-up of completed audits including (continued):**
  - c) **Bridge Maintenance Program**
  - d) **Bridge Maintenance Process for a Specific Bridge**
  - e) **Payroll**
  - f) **Eight Specific Building Code Services Files**
  - g) **Specific House Drawings**

# Proposed 2012 Audit Plan

- 1. Treasury**
- 2. Corporate Credit Cards**
- 3. Environmental Risk Assessment**
- 4. Client Service Centres**
- 5. Ontario Works Eligibility Assessment Process**
- 6. Construction Supervision**

## **Proposed 2012 Audit Plan**

- 7. Follow-up of completed audits including:**
  - a) Use of City Vehicles and Mileage Claim**
  - b) Selected Grant Recipients – Signed Agreements and Audit Clauses**
  - c) Nepean Sailing Club Agreement**
  - d) Action Vanier (Sugarbush) Agreements**
  - e) Revenue Branch**
  - f) Staffing Process in the Children’s Services Branch**

## **Proposed 2012 Audit Plan**

- 7. Follow-up of completed audits including (continued):**
  - g) City's Management of a Loan Agreement**
  - h) City's Role regarding a Canada Day Event**
  - i) Internet and Email Usage Policies and Procedures**
  - j) Mackenzie King Bridge Rehabilitation**

## **Proposed 2012 Audit Plan**

- 7. Follow-up of completed audits including (continued):**
  - k) Determination of Sampling Requirements for Audits of Payroll Accuracy**
  - l) Compressed Work Week Agreements**
  - m) City's Operating Relationship with the Ottawa Centre for Research and Innovation (OCRI)**
  - n) Glen Cairn Flooding and the Development Review Processes within the Carp Watershed**



**Questions**

**Thank you**