



Office of the Auditor General / Bureau du vérificateur général

**FOLLOW-UP TO THE 2008 AUDIT OF GOVERNANCE AND
COMPLIANCE WITH COMMUNITY FUNDING SERVICE
AGREEMENT OF THE BANFF AVENUE COMMUNITY HOUSE
2010**

**SUIVI DE LA VÉRIFICATION DE GOUVERNANCE ET CONFORMITÉ
AVEC L'ENTENTE DE SERVICES POUR LE FINANCEMENT DE LA
MAISON COMMUNAUTAIRE BANFF DE 2008**

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EXECUTIVE SUMMARY

Introduction

The Follow-up to the 2008 Audit of Governance and Compliance with Community Funding Service Agreement of the Banff Avenue Community House was included in the Auditor General's Audit Plan.

The key findings of the original 2008 audit included:

- The funding contribution was applied to the services and activities as set out in the agreement with the exception of a payment of \$1,511 for supplies that did not relate to the services and activities supported by the City of Ottawa.
- Included in coordination was an amount of \$3,075 paid to the administrative assistant who was engaged as a contract worker. However, this amount was traced to the payroll records and, as such, there could be confusion as to whether this person is an employee or should be considered self-employed for Canada Revenue purposes.
- Advances to employees should be accounted for as assets and not as expenses.
- The amount relating to the City of Ottawa supported administration assistance and operational costs was combined with funds received from other sources and not shown separately.
- Generally, BACH follows the Operational Principles and Guidelines Manual of a Community House. However not all guidelines are being followed.
- While it is acknowledged that many grant recipient organizations are relatively small and in many cases volunteer based, there are some fundamental governance principles that the City needs to have in place to ensure adequate management and oversight of City funding. The intention is not to overburden recipients with bureaucracy and inflexible rules but rather to put in place basic governance practices to protect the interests of both the City and the recipient organization.

Summary of the Level of Completion

1. The table below outlines our assessment of the level of completion of each recommendation as of July 6, 2011.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24		0	0%
ACTION INITIATED	25 – 49		0	0%
PARTIALLY COMPLETE	50 – 74	10	1	8%
SUBSTANTIALLY COMPLETE	75 – 99	5, 7	2	17%
COMPLETE	100	1, 2, 3, 4, 6, 8, 9, 11, 12	9	75%
TOTAL			12	100%

2. The table below outlines BACH’s assessment of the level of completion of each recommendation as of May 16, 2011.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	-	0	0%
ACTION INITIATED	25 – 49	-	0	0%
PARTIALLY COMPLETE	50 – 74	10	1	8%
SUBSTANTIALLY COMPLETE	75 – 99	5, 7	2	17%
COMPLETE	100	1, 2, 3, 4, 6, 8, 9, 11, 12	9	75%
TOTAL			12	100%

Conclusion

BACH has made substantial progress toward the implementation of the recommendations of this audit, having fully implemented the majority of the recommendations. Where a recommendation had not been fully implemented, steps have been taken to begin the process of addressing the recommendation.

Acknowledgement

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

RÉSUMÉ

Introduction

Le Suivi de la vérification de gouvernance et conformité avec l'entente de services pour le financement de la maison communautaire Banff de 2008 était prévu dans le Plan de vérification du vérificateur général.

Les principales constatations de la vérification de 2008 sont les suivantes :

- La contribution au financement a été appliquée aux services et activités prévus dans l'entente, sauf pour un paiement de 1 511 \$ pour des fournitures qui sont sans rapport avec les services et activités financés par la Ville d'Ottawa.
- La coordination comprend le paiement d'une somme de 3 075 \$ à l'adjoint administratif employé à titre intérimaire. Cependant, cette somme est consignée dans les dossiers du livre de paie, ce qui risque de créer de la confusion quant au statut de cette personne comme employé ou travailleur indépendant aux fins de Revenu Canada.
- Les avances consenties aux employés doivent être comptabilisées au titre de l'actif et non des dépenses.
- Le montant concernant le soutien administratif et les frais de fonctionnement financés par la Ville d'Ottawa a été combiné à des fonds reçus d'autres sources et non consigné à part.
- Généralement, la Maison communautaire de Banff suit le Guide des principes et lignes directrices de fonctionnement d'une maison communautaire. Toutefois, toutes les directives ne sont pas respectées.
- Tout en reconnaissant que de nombreux organismes bénéficiaires de subventions sont d'envergure relativement modeste et dans bien des cas, composés de bénévoles, la Ville doit se doter de quelques principes fondamentaux de gouvernance afin d'assurer la saine gestion et la surveillance adéquate du financement municipal. L'intention n'est pas de faire crouler les bénéficiaires sous le poids de la paperasserie et de règles inflexibles, mais plutôt de mettre en place des pratiques de base en matière de gouvernance afin de protéger les intérêts de la Ville et de l'organisation bénéficiaire.

Sommaire du degré d'achèvement

1. Le tableau ci-dessous présente notre évaluation du degré d'achèvement de chaque recommandation au 6 juillet 2011.

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 – 24		0	0%
ACTION AMORCÉE	25 – 49		0	0%
COMPLÉTÉE EN PARTIE	50 – 74	10	1	8%
PRATIQUEMENT COMPLÉTÉE	75 – 99	5, 7	2	17%
COMPLÉTÉE	100	1, 2, 3, 4, 6, 8, 9, 11, 12	9	75%
TOTAL			12	100%

2. Le tableau ci-dessous présente l'évaluation de la maison communautaire Banff concernant le degré de réalisation de chaque recommandation au 16 mai 2011.

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 – 24		0	0%
ACTION AMORCÉE	25 – 49		0	0%
COMPLÉTÉE EN PARTIE	50 – 74	10	1	8%
PRATIQUEMENT COMPLÉTÉE	75 – 99	5, 7	2	17%
COMPLÉTÉE	100	1, 2, 3, 4, 6, 8, 9, 11, 12	9	75%
TOTAL			12	100%

Conclusion

La maison communautaire Banff a réalisé d'importants progrès au chapitre de la mise en œuvre des recommandations, ayant pleinement mis en œuvre la majorité des recommandations formulées dans le rapport de vérification. En outre, des mesures ont été prises pour entamer un processus visant à donner suite à la recommandation qui n'a pas été pleinement appliquée.

Remerciements

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

1 INTRODUCTION

The Follow-up to the 2008 Audit of Governance and Compliance with Community Funding Service Agreement of the Banff Avenue Community House was included in the Auditor General's Audit Plan.

2 KEY FINDINGS OF THE ORIGINAL 2008 AUDIT

1. The funding contribution was applied to the services and activities as set out in the agreement with the exception of a payment of \$1,511 for supplies that did not relate to the services and activities supported by the City of Ottawa.
2. Included in coordination was an amount of \$3,075 paid to the administrative assistant who was engaged as a contract worker. However, this amount was traced to the payroll records and, as such, there could be confusion as to whether this person is an employee or should be considered self-employed for Canada Revenue purposes.
3. Advances to employees should be accounted for as assets and not as expenses.
4. The amount relating to the City of Ottawa supported administration assistance and operational costs was combined with funds received from other sources and not shown separately.
5. Generally, BACH follows the Operational Principles and Guidelines Manual of a Community House. However not all guidelines are being followed.
6. While it is acknowledged that many grant recipient organizations are relatively small and in many cases volunteer based, there are some fundamental governance principles that the City needs to have in place to ensure adequate management and oversight of City funding. The intention is not to overburden recipients with bureaucracy and inflexible rules but rather to put in place basic governance practices to protect the interests of both the City and the recipient organization.

3 STATUS OF IMPLEMENTATION OF 2008 AUDIT RECOMMENDATIONS

2008 Recommendation 1

That the BACH Manager ensure that workers are appropriately treated as employees or self-employed in compliance with the Canada Revenue Agency publication *Employee or Self-Employed*.

2008 BACH Response

In 2010 all positions funded by the City of Ottawa, Community Funding will be employees of the Banff Avenue Community House and not contracted as self employed.

BACH Representation of the Status of Implementation of Recommendation 1 as of May 16, 2011

BACH: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 1

This recommendation has been fully implemented.

A sample from the listing of all contractors used in 2010 and 2011 was selected and cross referenced against both the Payroll Register and the Account Register. All contractors except one were accounted for under expenses that were not funded from the City of Ottawa. None of the contractors in the sample were found on the Payroll Register.

A sample of expenses allocated to the Salary account under the City of Ottawa funding on the Account Register was selected, and compared to the Payroll Register and the listing of contractors. All of the employees in the sample were found on the Payroll Register. None of the employees in the sample were found on the contractor listing.

OAG: % complete *100%*

2008 Recommendation 2

That BACH utilize the bilingual formulation for acknowledgement as specified in the agreement.

2008 BACH Response

The Board of Directors has continued to struggle to obtain in-kind translation services (since this is a costly expense) to no avail. We will continue to seek out this support.

BACH Representation of the Status of Implementation of Recommendation 2 as of May 16, 2011

BACH: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 2

The bilingual formulation for acknowledgement of the financial support of the City of Ottawa appears on the brochure and on the programs section of the website.

OAG: % complete *100%*

2008 Recommendation 3

That advances to employees be accounted for as assets and when the expenditures are made the amounts should be charged to the advance and the expenses recorded at that time.

2008 BACH Response

The Community House Director has implemented a petty cash float to rectify the advances to employees. The Board will ensure all assets are accounted as assets. When expenditures are made the amounts should be charged to the advance and the expenses recorded at that time.

BACH Representation of the Status of Implementation of Recommendation 3 as of May 16, 2011

BACH: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 3

Beginning in January 2010, BACH implemented a petty cash system. All cash advances (i.e., cash provided to staff for business related purchases) are recorded appropriately on the petty cash reconciliation. When expenditures are made, the amounts are listed on the petty cash reconciliation, and the expense is recorded when the petty cash float is refunded (at a minimum, every two months). The petty cash reconciliation for January 24-March 10, 2011 was examined. The total spent appeared on the Accounting Register for March as a cheque to petty cash, with the expense amounts posted to the corresponding expenses accounts.

OAG: % complete *100%*

2008 Recommendation 4

That BACH account separately for all funds received from the City of Ottawa.

2008 BACH Response

The Board of Directors will ensure that all City of Ottawa categories be separated in the ledger.

BACH Representation of the Status of Implementation of Recommendation 4 as of May 16, 2011

BACH: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 4

The Account Register for May 2011 lists separately all revenues received from the City of Ottawa, and all expenses that were incurred using City of Ottawa funding.

OAG: % complete *100%*

2008 Recommendation 5

That BACH ensures it is fully complying with the health and safety requirements of the Occupational Health and Safety and Workplace Safety and Insurance Act and the requirements of the Operational Principles and Guidelines Manual.

2008 BACH Response

The Board of Directors will ensure that BACH is fully compliant with the health and safety requirements of the Occupational Health and Safety and Insurance Act. The Board will be closely reviewing the operational Principles and Guidelines Manual, specifically the health and safety section to gear it more to the operation of the Banff Avenue Community House. This will be conducted in 2010.

BACH Representation of the Status of Implementation of Recommendation 5 as of May 16, 2011

BACH: % complete

85%

OAG's Follow-up Audit Findings regarding Recommendation 5

The original audit found that BACH generally follows the guidelines related to health and safety included in the Operational Principles and Guidelines Manual of a community house. Four examples were cited in the original audit as follows:

1. A schedule of fire drills and Fire Drill Log book was not kept up to date;
2. Not all staff involved with children/youth have signed a Behaviour Management Agreement, a Childcare Room Update record is not maintained;
3. A record of the checks of the first aid kits is not kept; and,
4. There was no certificate posted indicating that the House Director had taken the Workplace Hazardous Material Information System training course as required by the manual.

These non compliance examples have been 85% addressed as follows:

1. Fire drills are scheduled for the last week of each month, as indicated in the Fire Drill Log Book. The Fire Drill Log book has been kept up to date. Fire drills were logged for January 31, February 24, March 23, April 27, and May 25, 2011.
2. The minutes of the September 16, 2009 meeting of the Board of Directors indicate that the Board approved the removal of the requirement for the Behaviour Management Agreement. A Childcare Room Update record is now maintained, and was observed, updated, on the wall of the child care room.

3. A record of the checks of the first aid kits was observed with one dated January 9, 2011, the other was not dated. Management indicated the check was performed in June 2011.
4. Management indicated that the House Director had not recently completed the WHMIS training course, and so did not have the certificate posted. At the time of the follow-up, the House Director had signed up for a WHMIS training course which will be completed by July 29, 2011.

OAG: % complete *85%*

2008 Recommendation 6

That, in accordance with Article 7 of the Banff Avenue Community House Board Constitution, an additional resident of the Banff Community be appointed to the Executive Committee.

2008 BACH Response

The Board of Directors will continue to seek out potential community members to join the Board.

BACH Representation of the Status of Implementation of Recommendation 6 as of May 16, 2011

BACH: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 6

The original audit specifies that the constitution requires that four of the ten members of the Executive Committee be residents of the Banff Community. The minutes of the Annual General Meeting held May 26, 2011 includes a listing of appointments to the Board. Among those appointed are five members of the Banff Community: two returning community representatives and three new community representatives.

OAG: % complete *100%*

2008 Recommendation 7

That ongoing training be provided for members of the Executive Committee on issues relating to their governance responsibilities.

2008 BACH Response

The Board of Directors does not have the funds for Board development at this time. However, we will continue to ensure all members of the Board receive adequate orientation and are made aware of their governance responsibility.

**BACH Representation of the Status of Implementation of
Recommendation 7 as of May 16, 2011**

BACH: % complete **90%**

OAG's Follow-up Audit Findings regarding Recommendation 7

Since the original audit, additional training material has been added to the training binder. In addition to the introductory orientation, the binder includes information on the following:

- The Roles of the Board
- Board Models
- Changing Leadership Roles
- Finances
- Needs Assessment
- Self Assessment

Management indicated that the orientation session is open to all board members. However, there was no documented evidence to demonstrate ongoing training.

OAG: % complete **90%**

2008 Recommendation 8

That the Executive Committee establish a process to conduct an annual self-evaluation of its performance and of individual member performance.

2008 BACH Response

The Board of Directors will inquire about getting the training needed to set up an evaluation process of the performance indicators and of individual member performance.

**BACH Representation of the Status of Implementation of
Recommendation 8 as of May 16, 2011**

BACH: % complete **100%**

OAG's Follow-up Audit Findings regarding Recommendation 8

The minutes of the December 16, 2009 meeting of the Board of Directors indicate that all board members received their self evaluation forms to complete.

OAG: % complete **100%**

2008 Recommendation 9

That the Executive Committee present its budget of all expenditures to the members at the Annual General Meeting for their approval.

2008 BACH Response

The Treasurer of the Board will present its budget and all expenditures to the members at the AGM for approval. The Board will continue to consult with the House Director regarding revenues and expenses at Board meetings.

BACH Representation of the Status of Implementation of Recommendation 9 as of May 16, 2011

BACH: % complete **100%**

OAG's Follow-up Audit Findings regarding Recommendation 9

The minutes of the Annual General Meeting held May 26, 2011 demonstrate that the 2011 operational budget was presented and approved.

OAG: % complete **100%**

2008 Recommendation 10

That the objectives established by the Executive Committee be more fully developed and that performance indicators be established to measure success in achieving the objectives.

2008 BACH Response

The Board of Directors will seek the support of local resources to better assist with the organization's objectives. As well performance indicators will be established to measure success in achieving the objectives. There is no model to assist with the development of this tool and measurement process at this time however.

BACH Representation of the Status of Implementation of Recommendation 10 as of May 16, 2011

BACH: % complete **50%**

OAG's Follow-up Audit Findings regarding Recommendation 10

BACH has begun the process of engaging a consultant to assist in implementing this recommendation. A proposal dated May 4, 2011 includes the following statement of work:

Phase 1: Goal Setting Training

Phase 2: Connecting with Board Members and Executive Director

Phase 3: Goal Setting Session

According to the proposal, phase 1 is to include a focus on “how to measure and evaluate annual objectives”.

At the time of the follow-up, BACH was in discussion with the consultant to determine which services could be offered within a limited budget.

OAG: % complete *50%*

2008 Recommendation 11

That the Board establish an in camera meeting policy similar to that of Ottawa City Council.

2008 BACH Response

The Board of Directors is in the process of establishing an in camera policy similar to that of the City of Ottawa Council.

BACH Representation of the Status of Implementation of Recommendation 11 as of May 16, 2011

BACH: % complete *100%*

OAG’s Follow-up Audit Findings regarding Recommendation 11

The “In-Camera Closed Meetings of the Board of Directors Policy” was established, and was approved by the Board of Directors at the November 25, 2009 meeting.

OAG: % complete *100%*

2008 Recommendation 12

That the Executive Committee ensure there is an individual who is qualified to assume the responsibilities of House Director, in the event the position becomes vacant.

2008 BACH Response

The Board of Directors has implemented a personnel organizational chart along with a business plan to respond to a vacancy/absentee should the House Director’s position suddenly become vacant. The senior staff person would step in for the immediate interim until the position of House Director could be properly posted as required by our policies.

BACH Representation of the Status of Implementation of Recommendation 12 as of May 16, 2011

BACH: % complete *100%*

OAG’s Follow-up Audit Findings regarding Recommendation 12

The Community House Director Position Succession Plan Policy was presented to the Board during the November 25, 2009 meeting. The minutes of the meeting indicate that committing resources toward training a position as senior administrator is a priority.

The Succession Plan includes an Organization Chart, along with key information for the interim House Director. The following key information is documented:

1. Information Sources;
2. General Information;
3. Governance;
4. Human Resources;
5. Funding;
6. Office Procedures; and,
7. Duties and Responsibilities of the House Director.

OAG: % complete **100%**

4 SUMMARY OF THE LEVEL OF COMPLETION

1. The table below outlines our assessment of the level of completion of each recommendation as of July 6, 2011.

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6 ACKNOWLEDGEMENT

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