

Audit of the Development Review Process

The City Subsidizes Development Fees by More Than \$4 Million

Ottawa, June 11, 2008 – Ottawa’s Auditor General reports that the City is subsidizing development fees and recommends they be raised to realize full cost recovery. This could represent an annual saving of \$4.3 million to the taxpayers. The finding is part of an audit of the City’s Development Review Process presented in Alain Lalonde’s third annual report to Council.

“Overall, the audit has determined that the City’s Development Review Process is performing sub-optimally,” concludes Mr. Lalonde.

Other findings include:

- Application processing turnaround times are consistently slow and do not meet the requirements of the Planning Act;
- 13% of new building permits issued by the City may contravene the legal requirements of the Ontario Building Code;
- The City’s Early Service Agreement Regime poses significant financial risk;
- Critical gaps are evident in technology-driven information management solutions of the development review process; and,
- A dispersed business model is used resulting in redundant technical reviews and lack of integrated workflow.

Of the 25 recommendations, management agrees with 23.

The chapter **Audit of the Development Review Process** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Food Safety Program

City Not Meeting Food Inspection Requirements

Ottawa, June 11, 2008 – The City’s Food Safety Program is currently unable to meet the legislative requirements for inspection, says the Auditor General of the City of Ottawa.

“Although there have not been any outbreaks of illness, the Provincial Mandatory Guidelines for Food Safety are not being met by the City of Ottawa. Completion rates of annual inspections are significantly below prescribed levels,” states Alain Lalonde in his third annual report released today.

The audit finds that management has, over the years, endeavoured to improve the performance of the Program. However, despite an increase in the annual budget for Food Safety of approximately 50% from 2004 to 2006, the Program has been unable to meet legislative requirements.

The report recommends that:

- An Environmental Health Information System be implemented to enhance efficiency and effectiveness of the Program;
- Inspection results be made available to the public via an online disclosure process;
- Food handler training and certification be mandatory;
- A Quality Assurance strategy be developed; and,
- A comprehensive human resource strategy be developed to improve recruitment and retention of health inspectors.

Of the 17 recommendations contained in the audit, management has agreed with 15.

The chapter **Audit of the Food Safety Program** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Environmental Commitments in the Ottawa 20/20 Growth Management Strategy

Good Progress on Environmental Commitments but Better Coordination Required

Ottawa, June 11, 2008 – The City of Ottawa has made good progress on a variety of environmental commitments but better City-wide coordination of activities is required. This is the key finding of the Auditor General’s Audit of the Environmental Commitments in the Ottawa 20/20 Growth Management Strategy released today.

“The City has begun and, in some cases, completed a large number of environmental policies, programs and initiatives,” says Alain Lalonde. “However, there is no broader monitoring framework in place for these environmental commitments, which impedes tracking of the City’s overall progress.”

The report indicates that branches responsible for implementing activities or initiatives related to one or more of the commitments monitor progress related to their own initiatives to varying degrees. While branch-level monitoring provides some useful data and information, there is no corporate-level reporting to assess overall progress related to the environmental commitments as stated in the City’s Official Plan and Corporate Plan. In addition, there is no systematic reporting to Council on initiatives related to these environmental commitments.

Of the 19 recommendations made in the audit, management has agreed with 18.

The chapter on the **Audit of the Environmental Commitments in the Ottawa 20/20 Growth Management Strategy** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Parks and Recreation

Overall Management, Accountability and Financial Controls are Weak

Ottawa, June 11, 2008 – The City of Ottawa needs stronger leadership and oversight of the City’s Parks and Recreation programs and facilities. The Branch lacks a Recreation Master Plan to address the long-term recreation needs of citizens, says the City’s Auditor General.

The audit of Parks and Recreation, released today, found that there is very little management reporting at all levels of the Branch to facilitate decision-making. As a result, many decisions regarding programming and service delivery are made on an ad hoc basis by the individual recreation facilities.

“The lack of overall direction has had the most impact on low-income residents, people with disabilities and French language programming as the needs of these target populations are not being adequately assessed and addressed,” concludes Alain Lalonde.

The audit also found that the Branch needs to implement more processes to ensure a consistent approach to program and fee determination, and develop tools and reporting mechanisms to ensure proper oversight and accountability of the individual facilities.

The audit revealed the Branch needs to significantly tighten its financial controls and place a greater emphasis on reporting, both performance and financial. It was found that the majority of financial transactions are processed at the facility level but with very limited controls set up to ensure that certain functions are only performed by authorized staff. Additionally, there is very little reporting generated as a means of ensuring compliance to financial policies and monitoring performance.

No issues were found during the testing of water quality at all City-owned pools, which was also conducted as part of the audit.

Of the 59 recommendations made in the audit, management has agreed with 41.

The chapters **Audit of the Parks and Recreation Branch** and the **Audit of Parks and Recreation Financial Management and Revenue Processes** are available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Corporate Pesticide Use Policy

Reporting on Pesticide Application Needs Strengthening

Ottawa, June 11, 2008 – The City of Ottawa’s pest management activities have been consistent with the goals and intent of the Corporate Pesticide Use Policy. In a report released today, the City’s Auditor General states that chemical pesticides have not been applied to City-owned properties for cosmetic or aesthetic purposes since the Policy came into force on August 25, 2004.

“While the spirit and intent of the Policy is met for City-owned properties, there is a need for more consistent and formalized documentation and record keeping related to pesticide application decisions and the use of alternative practices,” observes Alain Lalonde.

There is also a need for the City to monitor Policy implementation and effectiveness through compilation, analysis and reporting of related data and information on an annual basis. This information should be compiled in an annual report and presented to City Council.

Of the nine recommendations made in the audit, management has agreed with eight.

The chapter **Audit of the Corporate Pesticide Use Policy** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Staffing

Inconsistencies and Lack of Accountability Found in the City of Ottawa Hiring Process

Ottawa, June 11, 2008 – An audit report on staffing and reclassifications recommends that managers be more accountable for hiring and that the Employee Services Branch assume a greater role in human resources activities.

“There is a lack of monitoring and oversight that has led to inconsistencies in staffing activities,” concludes Alain Lalonde, Auditor General of the City of Ottawa in his third annual report released today.

Other findings include:

- Cases of employees in a direct reporting relationship with a family member;
- 27% of competitions had candidates who did not meet the basic requirements of the position;
- 13% of successful candidates did not meet the basic requirements of the position;
- Nearly 30% of job offers were dated after the successful candidates had already started in their new positions; and,
- An outside recruitment firm was paid over \$280,000 for its role in the recruitment of four senior managers who were already working with or known to senior management.

The audit covered a random sample of 50 staffing and 50 reclassification files from 2006.

Of the 20 recommendations contained in the audit, management has agreed with 18.

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

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Audit of Labour Relations

Management Severances Excessive and Grievance Procedure Too Lengthy

Ottawa, June 11, 2008 – The audit of Labour Relations at the City of Ottawa uncovered a number of weaknesses in labour relations with both the unionized and non-unionized workforce of 15,000, concludes Alain Lalonde, Auditor General of the City of Ottawa. The audit findings are part of Mr. Lalonde’s third annual report released today.

A legal opinion obtained by the City states that the existing severance practices are excessive. The audit recommends involuntary severance packages for senior managers be brought more in line with common law practices.

Other weaknesses include the area of disciplining non-unionized employees. “When a performance issue arises with a senior manager, there is little willingness to address it,” says Mr. Lalonde.

For the vast majority of unionized City employees, the audit reveals that the grievance procedure is lengthy, taking an average of nearly two years to complete. In addition, the overall conclusion is that the City has not been very successful in handling grievances, especially at the arbitration stage.

Of the 22 recommendations made in the audit, management agrees with 20.

The chapter **Audit of Labour Relations** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Inventory and Asset Management Processes

Management and Control of Inventory Needs Improvement

Ottawa, June 11, 2008 – Auditor General Alain Lalonde has found insufficient controls of inventory management at the City of Ottawa, making it difficult to ensure inventory is being used only for the City’s benefit.

The audit found no City-wide policies on inventory or systems and procedures to control the City of Ottawa’s assets and inventory.

“Control and recording of some City assets is either non-existent or incomplete. City assets and inventories should be recorded within the Corporate accounting systems,” says Mr. Lalonde.

The audit recommends that the City Treasurer assign a function with the overall responsibility for all City assets. This function would be responsible for developing and issuing overarching policies, systems, controls and procedures on City assets and inventory. Management has disagreed with this recommendation.

Of the 58 recommendations contained in the audit, management has agreed with 53.

The chapter **Audit of Inventory and Asset Management Processes** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the 3-1-1 Contact Centre

Accuracy of Information Provided to the Public Needs Improvement

Ottawa, June 11, 2008 – Accuracy of information provided to the public and consistency in the way phone calls are handled are major issues that need to be addressed for the City’s call centre, known as the 311 Contact Centre, says the Auditor General of the City of Ottawa.

“There is significant room for improvement in the accuracy and completeness of the answers being provided,” states Alain Lalonde in his third annual report released today. “Overall, only 39% of responses to test calls made during the audit were considered ‘fully correct’. Another 31% of responses were considered ‘partially correct’ and 30% of the calls were incorrect.”

Specifically, the audit includes the following findings:

- A “mystery calling” program of 25 questions asked four times each was conducted to evaluate service delivery and identified that inaccurate and inconsistent information was being provided to callers;
- Management has focused on tracking call volumes but has given little attention to monitoring call quality;
- Measuring performance quality is needed to ensure more effective management and oversight;
- More work needs to be done to fully assess the potential cost savings to the City by evaluating insourcing and outsourcing options; and,
- Reporting relationships within the contact centre should be clarified.

Of the 17 recommendations made in the audit, management has agreed with 15.

The chapter **Audit of the 3-1-1 Contact Centre** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Financial Information Reported to Council Regarding the Proposed North-South Light Rail Transit Line

Better Financial Reporting Needed for Future Large-scale Capital Projects

Ottawa, June 11, 2008 – Auditor General Alain Lalonde has identified some improvements that should be made in financial reporting to Council, based on his review of the 2006 North-South Light Rail Transit Line project.

“The financial reporting did not meet the expectations of some Councillors when evaluated against key qualitative criteria,” concludes Mr. Lalonde in his third annual report tabled today.

The audit recommends improvements in reporting in anticipation of the City proceeding with another large-scale capital project in the future.

Findings in the audit include:

1. Key terms and conditions need to be proactively provided to Council;
2. The reporting format needs to reinforce key facts and focus Council on their decision-making and oversight role;
3. All estimated financial figures should be clearly disclosed and supported; and,
4. The non-disclosure agreement should be revisited.

Management has agreed with all nine recommendations contained in the audit.

The chapter **Audit of Financial Information Reported to Council Regarding the Proposed North-South Light Rail Transit Line** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Population Growth Projections

Earlier Projections of Population Growth Too High

Ottawa, June 11, 2008 – The Auditor General has confirmed that the population growth projections the City had in place from 2001 to 2007 were too high. The findings of the Audit of the Population Growth Projections were released today.

“At the outset of this audit, in meetings with senior management, it was acknowledged that the existing population growth projections were too aggressive and that revised estimates were to be developed in advance of the 2008 Official Plan update,” says Alain Lalonde.

In September 2007, the new figures were presented to Council. The recommended 2031 projection is now 1.136 million, a figure that is lower than the earlier projection for 2021. The audit states that, as a result, the City’s growth-related strategies, plans and programs may have been overly aggressive. All departments should be notified of the new projections so that any on-going programs which were designed based upon the higher projections can be revisited to ensure that the updated estimates are properly accounted for.

The audit makes two recommendations, both of which were accepted by management.

The chapter **Audit of the Population Growth Projections** is available on the Auditor General’s Web site at www.ottawa.ca.

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Financial Audit of Pride Committee Ottawa-Gatineau Inc.

Audit Recommends Better Accounting Practices for Pride Committee Ottawa-Gatineau Inc.

Ottawa, June 11, 2008 – In his audit report tabled today, Ottawa’s Auditor General found financial control weaknesses that need to be addressed by the Pride Committee. The audit, which was requested by Council, is part of Alain Lalonde’s third annual report to Council.

“The Pride Committee needs to improve its accounting practices if the City is to continue to provide support,” recommends Mr. Lalonde.

The audit report makes a number of recommendations to put better accounting practices in place, including improved budgeting, tracking of cheques and establishing realistic funding targets in order to repay suppliers and the City of Ottawa. During the audit, it was discovered that copies of some invoices or statements were not available.

The Pride Committee has agreed with all 22 recommendations in the audit.

The chapter **Financial Audit of Pride Committee Ottawa-Gatineau Inc.** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Council Request Tracking Processes

Processes for Managing Requests from Council Need Improvement

Ottawa, June 11, 2008 – Ottawa’s Auditor General concludes that the City of Ottawa must improve its processes for managing requests from Councillors.

The findings are included in the Auditor General’s third annual report released today. The audit was undertaken to assess the effectiveness of the City’s process for responding to both formal and informal requests from Council.

“The current process does not seem reliable, lacks consistency and requires follow-up on items, particularly informal requests, to obtain a response,” concludes Alain Lalonde.

The audit shows that currently the vast majority of requests from Councillors are informal and are routed directly to staff within departments. The report goes on to state that:

- Timeframes for responding to inquiries should be set and monitored on a consistent basis;
- An interim reply step is needed to confirm timeframes once staff has had an opportunity to consider what will be involved in responding; and,
- An agreed upon corporate set of standards should be developed to provide clarity and direction for staff responding to these requests.

The report also recommends that the City clarify which requests must come in the form of a formal motion from Council rather than from individual Councillors on an informal basis.

In total, the audit makes 17 recommendations, 15 of which were agreed with by management.

The chapter **Audit of the Council Request Tracking Processes** is available on the Auditor General’s Web site at www.ottawa.ca.

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Follow-up to the 2006 Audit of Surface Operations

Surface Operations Moving in the Right Direction

Ottawa, June 11, 2008 – Ottawa’s Auditor General reports significant progress is being made in the City’s Surface Operations Branch based on a follow-up audit of 39 recommendations made a year earlier. The follow-up audit was requested by Council.

“I am cautiously optimistic that the Branch has rounded the corner and is heading in the right direction,” concludes Alain Lalonde in his third annual report to Council.

Progress was reported in the following areas:

- Management Framework and Strategic Planning;
- Financial and Human Resources Reporting;
- Staffing, Overtime and Training;
- Forestry;
- Fleet; and,
- Performance Measurement/Data Collection.

Despite these advances, there is still work to be done in operational planning where the Branch remains too reactive and fails to take a consistent proactive approach to routine maintenance. In addition, the audit finds that Surface Operations continues to show limited advancement in the development of maintenance standards, standard operation procedures and quality assurance programs.

The chapter **Follow-up to the 2006 Audit of Surface Operations** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of 2006 and 2007 Compensation Budgets

Overstatement of 2006 and 2007 Compensation/Benefits Budgets

Ottawa, June 11, 2008 – The Auditor General has found that the Compensation/Benefit budgets for 2006 and 2007 were overstated by more than \$8 million. The overstatement was initially reported to Council as being due to savings from staff vacancies. However, correspondence indicated that management was aware that the overstatement actually related to compensation benefits and not staff vacancies.

Prior to the completion of the audit, the City Treasurer reported this matter to Council in August 2007 indicating that a more comprehensive analysis revealed an over-allocation to the budget for employee benefits in the amount of \$8.7 million and not staff vacancies as reported earlier in the year. The City Manager acknowledged at Council the confusion around the issue.

“Whenever management identifies sustainable overstatements in the budget, the base budget should be adjusted and this should be provided to Council,” concludes Alain Lalonde.

The audit identifies other opportunities for improvement including:

- Developing a budget policy, to create a provision for expected staff vacancies at the beginning of the budgeting process; and,
- Ensuring that as soon as overstated budgets are identified that are sustainable, the corresponding base budget adjustment be made and reported to Council.

Of the four recommendations contained in the audit, management has agreed with three.

The chapter **Audit of 2006 and 2007 Compensation Budgets** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Municipal Price Index

Auditor General Urges Caution in Using the City's Municipal Price Index

Ottawa, June 11, 2008 – The City of Ottawa's Municipal Price Index contains numerous errors and limited information and should be used with extreme caution concludes Auditor General Alain Lalonde in his third annual report to Council.

“Ottawa's Municipal Price Index is not a standard index and it is not an established or recognized model,” said Mr. Lalonde in this chapter of his annual report. The audit was conducted at the request of Council.

A Municipal Price Index is designed to depict the impact of price increases for goods and services purchased by cities for use in delivering services.

The audit also contains the following findings:

- The Municipal Price Index is not common practice in municipalities across Canada and Ontario;
- The index was created by the City using its own methodology which was not validated by a specialized third party; and,
- There was a lack of supporting documentation and rationale in constructing the Municipal Price Index.

The audit recommends that an independent, specialized third party should validate the City's model.

Management disagrees with the audit's main finding that the MPI should be used with extreme caution. Management does however agree that a specialized third party should review their model.

The chapter **Audit of the Municipal Price Index** is available on the Auditor General's Web site at www.ottawa.ca.

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Audit of the Protocol Division

Non-compliance with Procurement Policies and Budget Overspending

Ottawa, June 11, 2008 – The City Clerk of the City of Ottawa requested that the Auditor General review the Protocol Division to assess if procurement practices were in compliance with City policies. The Auditor General has found that the Protocol Division had awarded non-competitive contracts for graphic design services to a firm related to an employee of the Division. There was no disclosure of the conflict of interest. Since 2001, contracts totalling more than \$170,000 have been awarded to this firm. The audit recommends that in future a competitive procurement process should be used.

The Protocol Division has regularly exceeded its operating budget. In 2006, the actual net expenses exceeded budget by \$389,000 or 88%. Budget adjustments were not made to cover the deficit. Appropriate budgeting practices should be followed by the Division.

“The Protocol Division needs to ensure compliance with City’s procurement process and appropriate budget practices,” states Alain Lalonde.

The audit also found that Financial Services did not play a role in detecting the non-compliance issues found in the audit.

In total the audit makes four recommendations, all of which management agreed with.

The chapter **Audit of the Protocol Division** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Carp River Watershed Study and Related Projects

Parts of the Carp River Watershed Study and Related Projects are Incomplete or Erroneous

Ottawa, April 23, 2008 – Auditor General Alain Lalonde tabled his audit today of the Carp River Watershed Study and Related Projects in an early release as requested by Ottawa City Council. The audit was conducted as a result of a report to the City’s Fraud and Waste Hotline.

The audit concludes that parts of the study and related projects were incomplete or erroneous and that a possible conflict of interest may exist even if the relationship met the requirement of the code of ethics of the Professional Engineers of Ontario.

Audit findings show that the studies and reports completed as part of the Kanata West development did not satisfy some provincial and City policies. In addition, the technical design components of the studies and reports were based on erroneous drainage areas and did not properly calculate the volumes of runoff. For instance, peak water levels in some parts of the Carp River could be more than a metre higher than indicated in the design modelling.

“The City should require developers to correct, at no cost to the taxpayers, the design errors prior to proceeding further with the development,” recommends Mr. Lalonde.

The Auditor General also had concerns that an engineering firm worked concurrently for both the project developer’s landowners group and the City. The implications of this were exacerbated by the fact that the City of Ottawa formed part of the developer’s landowners group while at the same time reviewing and approving the studies and reports.

“The City should ensure such potential conflicts do not occur in the future as they put the professional engineering firm in the position of having two masters,” said Mr. Lalonde.

Based on legal advice, the results of audit work concerning the Glen Cairn development are not included in the report.

In total, the audit makes 13 recommendations of which management disagreed with 3. In addition, management deferred commenting on one of the recommendations as they are conducting a third party review.

The **Audit of the Carp Watershed Study and Related Projects** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Procurement of Fax Machines

The City Should Consider Purchasing Rather Than Leasing Fax Machines

Ottawa, June 11, 2008 – The Auditor General for the City of Ottawa concludes that the City should consider purchasing fax machines rather than renting them to achieve cost savings. The City also needs to establish better control over its inventory of fax machines.

The audit, which was conducted as a result of a report to the City's Fraud and Waste Hotline, finds that the City has no up-to-date inventory with sufficient detail to facilitate cost-benefit analysis and confirmation of rates charged. The existing cost-benefit analysis of fax machines did not consider the longer-term cost savings of purchasing rather than leasing fax machines. In addition, the City had no standing offer in place to purchase fax machines.

“The lack of an up-to-date inventory and a comprehensive cost-benefit analysis does not provide assurance that the City is properly controlling these assets and receiving best value. We estimate the City could save up to \$182,000 by purchasing fax machines rather than renting them,” concludes Alain Lalonde.

The audit identifies other opportunities for improvement to ensure:

- The City has been properly invoiced and seeks refunds of any amounts overcharged; and,
- The roles and responsibilities with respect to fax machines are appropriately segregated.

In total the audit makes four recommendations, all of which management agreed.

The chapter **Audit of the Procurement of Fax Machines** is available on the Auditor General's Web site at www.ottawa.ca.

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Audit of Costs Related to the Proposed Contracting-out of Lube, Oil, and Filter Work

Errors in Information Provided on Contracting-out

Ottawa, June 11, 2008 – Auditor General Alain Lalonde has observed that the information provided to the Union supporting the City’s plan to outsource lube, oil, and filter work in 2007 contained unrelated costs. The audit, conducted as a result of a report to the City’s Fraud and Waste Hotline, was released today as part of Mr. Lalonde’s 2007 Annual Report.

“The City followed the appropriate process in its plan to outsource the oil, lube, and filter work currently done internally, however, the cost information provided to the Union was inaccurate,” says Mr. Lalonde.

The audit showed that there were errors in the work orders for this work and these errors were not identified by the Maintenance Supervisors. In addition, it was revealed that staff could be charging costs to work orders after they have been reviewed and closed by the Supervisors and the information system has inadequate internal controls to prevent this.

In total, the audit makes six recommendations, four of which were agreed with by management.

The chapter **Audit of Costs Related to the Proposed Contracting-out of Lube, Oil, and Filter Work** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Disposal of Pavement Line Marker Equipment

More Than \$40,000 Spent On Maintaining Replaced Vehicle

Ottawa, June 11, 2008 – The City spent more than \$40,000 to maintain a pavement marker vehicle it had already replaced. This is a key finding in the Auditor General’s examination of the Disposal of Pavement Line Marker Equipment, which was conducted as a result of a report the City’s Fraud and Waste Hotline and released today.

In October 2000, the City purchased a replacement vehicle. However, rather than being disposed of, the old vehicle was kept until August 2003. During this time, more than \$40,000 was spent on maintenance of the old vehicle that was later sold at auction.

“The City should prepare a business case for retaining units that are slated for disposal and for spending additional resources on these units,” states Alain Lalonde.

In total, the audit makes three recommendations of which two were agreed with by management.

The chapter **Audit of the Disposal of Pavement Line Marker Equipment** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Ministry of Labour Charges Regarding Contractor Vehicles in Surface Operations

Ministry of Labour Identifies Unsafe Contractor Graders at City Yard

Ottawa, June 11, 2008 – An audit conducted as a result of a report to the City’s Fraud and Waste Hotline has found that the Ministry of Labour issued a number of orders in 2007 related to unsafe contractor equipment at the City’s Woodward Yard. The findings were released today as part of the Auditor General’s third annual report.

On February 28, 2007, the Ministry of Labour visited the Yard and found unsafe contractor graders. The Ministry ordered that the safety deficiencies be remedied and that the City provide proof from the contractors that this work was completed.

“The City must ensure contractors have proper certifications before the start of each season,” says Alain Lalonde.

The City has since complied with the orders and has revised its contract provisions to provide improved assurance of adequate equipment in the future.

Of the nine recommendations contained in the audit, management has agreed with eight.

The chapter **Audit of Ministry of Labour Charges Regarding Contractor Vehicles in Surface Operations** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Misuse and Abuse – Vehicles and Equipment

Lack of Accountability for Misuse and Abuse Repair Costs

Ottawa, June 11, 2008 – Auditor General Alain Lalonde expressed concerns over continued lack of accountability involving repairs classified as misuse and abuse. The City’s misuse and abuse repair costs increased substantially from \$952,000 in 2005 to \$1,788,000 in 2006 and \$1,325,000 in 2007.

The audit examined 16 work orders, 15 of which were reported to the Fraud and Waste Hotline. The work orders totalled over \$277,000 in damages due to misuse and abuse.

“These cases were not adequately investigated to determine the root cause of the problem,” says Mr. Lalonde in this audit contained in his third annual report to Council

The audit concludes that the City of Ottawa does not have adequate oversight of these repair costs. Monthly “Misuse and Abuse” reports were not provided to branches with any consistency and for those reported to branches, no action was taken in many cases. Of the 16 cases examined, Fleet Services notified Surface Operations Branch of only four. However, Surface Operations took no action on any of them.

The audit also revealed deficiencies in compliance with regulations, namely the Provincial Highway Traffic Act and the City’s Non-Smoking Policy.

In addition, Council requested that the Auditor General investigate and report on the facts surrounding damages to a sidewalk plow that had allegedly gone down a flight stairs. This was originally reported in the Auditor General’s 2006 report.

Further review of the sidewalk plow incident found that:

- City staff reported that an operator drove a sidewalk plow down a flight of stairs, causing significant damage. The audit was not able to confirm if this happened.
- According to the accident report, extensive repairs that required parts to be specifically manufactured, were reported to be the result of one sidewalk plow operator rear-ending another sidewalk plow at 5 km/hr;
- The \$18,477 undercarriage damage sustained to one of the sidewalk plows seemed inconsistent with the reported 5 km/hr collision;
- The City’s Collision Review Committee (CRC) conducted an inadequate investigation.

Of the 23 recommendations made in the audit, management agreed with 18.

The chapter **Audit of Misuse and Abuse – Vehicles and Equipment** is available on the Auditor General’s Web site at www.Ottawa.ca.

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Audit of Bus Refurbishing and Warranty Programs

Poor Management of Outstanding Warranty Claims

Ottawa, June 11, 2008 – Auditor General Alain Lalonde concludes that the City of Ottawa should improve its management and accounting of bus warranty claims.

A report to the Fraud and Waste Hotline prompted the audit that revealed the City had \$360,000 in uncollected warranty claims dating from 2003-2006.

“Collection of previous years’ outstanding warranty claims, such as \$158,000 from 2004, seems less likely as time goes by,” says Mr. Lalonde. “More timely collection of warranty claims is required.”

During 2007, the City wrote-down outstanding warranty claims totalling \$723,000 by an amount of \$363,000 due to corrections and the removal of claims. Better management and accounting through the use of the corporate financial system would allow for better monitoring of this receivable.

The audit also revealed that billings under the bus refurbishing program were in compliance with supplier’s contract.

Management has accepted the audit’s two recommendations.

The chapter **Audit of Bus Refurbishing and Warranty Programs** is available on the Auditor General’s Web site at www.ottawa.ca.

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Fraud and Waste Hotline

City's Fraud and Waste Hotline Working Well

Ottawa, June 11, 2008 – A total of 190 reports were made to the City of Ottawa's Fraud and Waste Hotline during 2007. The information was presented today by the Auditor General, Alain Lalonde in his third annual report. The Hotline was launched in November 2005.

Some hotline reports are transferred directly to management to be addressed, while in other instances the Office of the Auditor General has undertaken its own review, conducted a separate audit, or considered the matter as part of an ongoing audit.

Audits conducted by the Office based on Fraud and Waste reports are detailed in other sections of the annual report and include the following audits:

- Carp River Watershed Study and Related Projects;
- 2006 and 2007 Compensation Budgets;
- Bus Refurbishing and Warranty Programs;
- Ministry of Labour Charges Regarding Contractor Vehicles in Surface Operations;
- Disposal of Pavement Line Marker Equipment;
- Costs Related to the Proposed Contracting-out of Lube, Oil, and Filter Work;
- Procurement of Fax Machines; and,
- Audit of Misuse and Abuse - Vehicles and Equipment.

Also, below are some of the issues management addressed in 2007:

- Salary Overpayment;
- Theft of Materials;
- Fraudulent Sick Leave Certificates;
- Social Assistance Fraud;
- Inappropriate Use of City Assets; and,
- Procurement Matters.

Calls to the City's Fraud and Waste Hotline during 2007 also show that inappropriate use of e-mail and Internet by City staff continues to be a problem. This issue was first raised in Mr. Lalonde's 2005 annual report. In 2007 there were reports of 49 employees relating to potential non-compliance with Responsible Computing Policy. In over half of these cases management found their use was inappropriate and took disciplinary action.

The full 2007 Annual Report on the Fraud and Waste Hotline is available on the Auditor General's Web site at www.ottawa.ca.

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