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)

Additional 2010 Audit Reports

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

<table>
<thead>
<tr>
<th>Reporter Type</th>
<th>Number of Reports</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>134</td>
<td>62%</td>
</tr>
<tr>
<td>Employee</td>
<td>81</td>
<td>38%</td>
</tr>
<tr>
<td>Total</td>
<td>215</td>
<td>100%</td>
</tr>
</tbody>
</table>
### Reporters Who Used Two-way Communication

<table>
<thead>
<tr>
<th>Reviewed Report</th>
<th>Number of Reports</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>124</td>
<td>58%</td>
</tr>
<tr>
<td>Yes</td>
<td>91</td>
<td>42%</td>
</tr>
<tr>
<td>Total</td>
<td>215</td>
<td>100%</td>
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### Potential Savings

**Potential Savings for the City:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Paramedic employee being on-call for providing IT services</td>
<td>$56,168</td>
</tr>
<tr>
<td>Combination of other cases</td>
<td>$91,208</td>
</tr>
<tr>
<td>Total Estimated Savings for the City</td>
<td>$147,376</td>
</tr>
</tbody>
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**Potential Savings for the Province:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Total Undistributed Provincial Overpayments Made to a School</td>
<td>$642,847</td>
</tr>
</tbody>
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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


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
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
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