

Auditor General's Office – Forensic Unit Status Report on Outstanding Recommendations

Date: October 13, 2017

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

This report provides information regarding the implementation status of publicly reported recommendations made by the Forensic Unit of the Auditor General's Office. These recommendations were made in the context of the annual reports on the Fraud and Waste Hotline and other special reviews conducted.

Confidential recommendations may also be made to management in the context of investigations. The implementation status of confidential recommendations is communicated directly to the City Manager.

Following up on outstanding recommendations from previous reports is important and ensures that management has taken appropriate action to implement recommendations.

From January 1, 2007 to December 31, 2015, a total of 30 recommendations made by the Forensic Unit were reported publicly. Twenty-five of them were implemented before 2016.

A total of five outstanding recommendations were included in the 2017 follow-up review. The results of our verification indicate that management has fully implemented four recommendations, leaving only one outstanding recommendation.

Continued efforts to implement outstanding recommendations will provide additional benefits to the City through cost savings, additional revenue, control improvements and enhanced service delivery.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council receive this report for information.

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the recommendation in this report.

DECISION HISTORY

On an annual basis, the Auditor General reviews the implementation status of outstanding recommendations and reports the results of the review to Council through the Audit Committee. This report is the eighth annual report issued by the Auditor General related to the implementation status of outstanding recommendations made by the Auditor General's Forensic Unit.

ISSUE BACKGROUND

The Auditor General's Forensic Unit is responsible for the operation of the Fraud and Waste Hotline. This includes conducting and coordinating investigations or reviews directed at the detection of fraud, waste and wrongdoing involving City resources. In this context, the Auditor General's Office may make recommendations that management is responsible for addressing.

The Auditor General reports to the Audit Committee each year on the implementation status of outstanding recommendations.

The key steps in our recommendation follow-up process are:

1. We provide a listing of outstanding recommendations to management.
2. Management responds with information detailing the action taken on recommendations implemented as well as progress made on those not fully implemented.
3. The Auditor General's Office reviews information provided by management to determine the accuracy of management assertions related to each recommendation considered as fully implemented or no longer relevant.
4. The Auditor General reports the results of the follow-up review to City Council through the Audit Committee.

COMMENTS

From January 1, 2007 to December 31, 2015, a total of 30 recommendations made by the Forensic Unit were reported publicly. Twenty-five of them were implemented before 2016.

A total of five outstanding recommendations issued by the Forensic Unit were included in the 2017 follow-up process. Among these five recommendations, four were reported by management as fully implemented and one was reported as not fully implemented.

Our review process verifies recommendations management believes they have fully implemented. We do not conduct work on recommendations not yet fully implemented.

Table 1 below contains cumulative results for all publicly issued recommendations made by the Forensic Unit in the context of the Auditor General's operation of the Fraud and Waste Hotline Program from January 1, 2007 to December 31, 2015.

Table 1: Status of Recommendations Issued from January 1, 2017 to December 31, 2015

Status of Recommendations	Number of Recommendations
Total number of recommendations issued from 2007 to 2015	30
Implementation Status as of September 2017	
Fully Implemented	29
Not Fully Implemented	1
Fully Implemented as a percentage of total recommendations	97%

Recommendations determined as fully implemented will not be included in the next year's follow-up review. The one remaining recommendation reported as not fully implemented will be included in future follow-up reviews until it has been implemented.

Attachment 1 contains four recommendations that have been fully implemented by management as determined by the 2017 follow-up review.

Attachment 2 contains one recommendation that has not been fully implemented, along with management planned actions.

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SIGNATURE

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Auditor General

ATTACHMENTS

Attachment 1: Forensic Unit - Recommendations Fully Implemented
Attachment 2: Forensic Unit - Recommendations Not Fully Implemented