

APPENDIX 1

**AUDITOR GENERAL'S
OFFICE -
FORENSIC UNIT STATUS REPORT
ON RECOMMENDATIONS**

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Auditor General's Office

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SUMMARY

This report provides information regarding the implementation status of recommendations made by the Auditor General's Office in the context of special reviews, which were publicly reported through Audit Committee, as well as those made in the annual Fraud and Waste Hotline reports.

Since January 2007, the Auditor General has issued various reports related to its operation of the City's Fraud and Waste Hotline Program, containing a total of eight recommendations reported publicly.

The results of our review indicate management has fully implemented six of the eight recommendations made in reports by the Auditor General's Forensic Unit from January 1, 2007 to May 31, 2010.

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

BACKGROUND

The Auditor General's Office has administered the Fraud & Waste Hotline Program since its inception in 2002. In July 2005, a separate Forensic Unit was established within the Auditor General's Office dedicated to the operation of the Hotline Program.

The Forensic Unit is responsible for conducting and coordinating investigations or reviews directed at the detection of fraud, waste and wrongdoing involving City resources and reporting on the activity of the Hotline Program. In this context, the Auditor General's Office may make recommendations which management is responsible for addressing.

In accordance with the Auditor General's 2010 Work Plan, we have completed a review of the implementation status of recommendations made by the Auditor General's Office in the context of special reviews conducted as part of its operation of the City's Fraud and Waste Hotline Program.

This review includes recommendations included in reports issued by the Auditor General's Office from January 1, 2007 through December 31, 2009.

RESULTS

Table 1 below contains results for recommendations made by the Auditor General's Office in the context of reviews conducted as part of its operation of the City's Fraud and Waste Hotline Program from January 1, 2007 to December 31, 2009.

**Table 1:
Percentage of Recommendations Implemented**

Status of Recommendations	As of May 31, 2010
Fully Implemented	6
Not Fully Implemented	2
Total	8
Fully Implemented as a percentage of total recommendations	75%

As of January 1, 2007, various reports issued by the Auditor General's Office in the context of reviews conducted as part of its operation of the City's Fraud and Waste Hotline Program contained a total of eight recommendations.

The results of our review indicate that management has fully implemented six or 75 per cent of the eight recommendations made by the Auditor General since January 1, 2007.

A complete listing of the recommendations implemented and those not fully implemented is included in Attachments 1 and 2.

CONCLUSION

This review process includes the verification of recommendations made by the Auditor General's Office in the context of special reviews which were publicly reported through Audit Committee and those conducted as part of its operation of the City's Fraud and Waste Hotline Program.

Upon receipt of this report, recommendations reported as "implemented" will not be reported to Council in the future. All recommendations reported as "not fully implemented" will be included in subsequent follow-up reviews, until "fully implemented."

RECOMMENDATIONS FULLY IMPLEMENTED

Division: City Manager's Office, Executive Management

Report Title: 2007 Fraud and Waste Hotline - Annual Report

Report Date: February 7, 2008

Recommendation:

- 001 The City Manager be directed to ensure that all management staff are aware of their reporting responsibilities under the Fraud Prevention Policy. Such responsibilities include the reporting of allegations pertaining to fraud and wrongdoing to the Auditor General's Office on a timely basis.

Division: City Manager's Office, Executive Management

Report Title: 2008 Annual Report on the Status of Fraud

Report Date: January 15, 2009

Recommendation:

- 001 The City Manager direct management staff to regularly review and evaluate the adequacy of internal controls within their area of responsibility. Where appropriate, action be taken to strengthen controls, with a view to preventing and detecting instances of fraud and other wrongdoing.

Division: City Manager's Office, Human Resources

Report Title: Managing Employee Attendance - Opportunities for Improvement

Report Date: October 15, 2008

Recommendation:

- 002 The City Manager direct all staff to ensure that the attendance management Program policy is complied with.
- 003 The City Manager, in consultation with the Executive Director Human Resources, develop a standardized reporting format to document results of meetings held with employees, in accordance with the Attendance Management Program policy.

- 004 The City Manager, in consultation with the Director, Pension, Payroll & Employee Benefits re-emphasize the requirements for medical certificates including the sufficiency of information to be provided on the certificate, by all City staff, in support of absences due to illness.

- 005 The City Manager, in consultation with the Executive Director Human Resources, expedite the availability of training designed to provide guidance to management and supervisory staff responsible for dealing with attendance issues.

ATTACHMENT 2

RECOMMENDATIONS NOT FULLY IMPLEMENTED

Division: City Manager’s Office, Human Resources

Report Title: 2006 Annual Report on the Status of Fraud and Related Matters,
Including Operation of the Fraud and Waste Hotline Program

Report Date: March 8, 2007

No.	Recommendation	Management’s Comments and Action Plan/Time Frame
001	<p>The City Manager give consideration to accelerating the introduction of a formal ongoing ethics education program to all City staff which emphasizes the following:</p> <ul style="list-style-type: none"> ▪ the role of staff in the prevention and detection of fraud; ▪ the responsibilities of staff in reporting incidents of allegations of fraud or wrongdoing; ▪ the importance of protecting employees who report allegations of fraud or wrongdoing; ▪ the importance of recognizing, avoiding and communicating conflict of interest situations; and ▪ the consequences of reporting incidents of fraud or wrongdoing which are frivolous or vexatious. <p>In developing such a program, consideration should be given to delivering the program through the City’s intranet.</p>	<ul style="list-style-type: none"> ▪ The City Manager has made an e-learning ethics course a priority for the E-learning pilot project. Delivery of an on line version will be available in Q1 of 2011. ▪ The CM has accelerated manager training - 2,500 managers have been trained and 48 further workshops have been set up to ensure that this training is rolled out to all management staff. ▪ Training staff to be aware of ethics & conflict of interest has been built into the Corporate Orientation. The ethics course is now accessible to all staff through the Employee Learning Calendar.

Division: City Manager's Office, Human Resources

Report Title: Managing Employee Attendance - Opportunities for Improvement

Report Date: October 15, 2008

No.	Recommendation	Management's Comments and Action Plan/Time Frame
001	The City Manager take immediate action to reinforce management and supervisory staff awareness of the availability of attendance management reports. Attendance Management reports should be used by all supervisory staff in the management of employee attendance.	<ul style="list-style-type: none">▪ Standardized attendance management reports were developed jointly by Human Resources and Pension, Payroll & Employee Benefits and made available to assist divisions in monitoring attendance. Information regarding these reports was provided as part of the original roll out of the Attendance Management Program in 2002. The distribution method of these reports varies; some at the administration level for the cluster and some at the divisional level.▪ The Executive Director of Human Resources in consultation with the Director of Pension, Payroll & Employee Benefits will prepare a communication to Divisions heads to be filtered down to managers and supervisors, to remind of the availability of these reports and clarify the process for access. The use of these reports in managing attendance will be emphasized as part of the training. Projected completion date for the communication – fourth quarter, 2008.▪ Training materials were revised in 2008. Training has been provided throughout 2009 by HR Health and Safety Disability Management Staff. In order to complete the training on an expedited basis it was delivered by division (in-tact team training). Information was provided in the 2009 and 2010 H & S training calendar with a direction from the City Manager that supervisory and managerial staff receive the training.

Auditor General's comments:

Our Office is not aware of any communication being sent by the Executive Director, Human Resources to Division heads, to be filtered down to senior managers or supervisors, advising of the availability of Attendance Management Reports or clarifying the process for access to these reports. Further, we understand that only 50% of supervisory staff have been trained. As such, in our view, the intent of the recommendation has not been fully implemented.