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Item No. 12.6.1
Audit and Finance Standing Committee
May 16, 2018

TO: Chair and Members of the Audit and Finance Standing Committee

SUBMITTED BY: ORIGINAL SIGNED
Jacques Dubé, Chief Administrative Officer

DATE: April 26, 2018

SUBJECT: Response to Outstanding Issues Identified by the Auditor General

INFORMATION REPORT

ORIGIN

At the April 18, 2018 meeting of the Audit and Finance Standing Committee, the committee asked the CAO to address this Committee on how he plans to address the known outstanding issues; to provide a timeline on how all those issues are being addressed and whether they are going to be actioned on or not; and, if not, provide an explanation why they are not being actioned.

LEGISLATIVE AUTHORITY

This report relates to the HRM Charter Sections 49 to 54 regarding the appointment of a municipal Auditor General.

BACKGROUND

At the April 18, 2018 meeting of the Audit and Finance Standing Committee, the Municipal Auditor General (MAG) released a report titled, "Follow-up Review: Reports Released from March 2014 – January 2016", which presented findings resulting from a review of nine reports released during that period. The report is appended to this report as Attachment A. This was the first follow-up report issued by the current Auditor General, and dealt with reports released by the previous Auditor General. In future, the intention of the current MAG is to follow-up on reports released by her office 18 months after audit results are released.

The MAG report indicated that 46% of significant issues in the reports reviewed were addressed, leaving 54% of known issues outstanding. In total, 14 of 26 significant issues were defined by the MAG as outstanding, and it was noted that three of the nine reports reviewed had "minimal or no work done to address identified risks". As a result, the Audit and Finance committee passed the above motion and asked the Chief Administrative Officer to respond to the report findings at the next committee meeting on May 16.

DISCUSSION

The nine reports released by the previous Auditor General during the March 2014 to January 2016 review period are as follows:

- Administration of Training Expenditures
- Employee Absence Leave
- Equipment Fuel Program
- Halifax Regional Fire & Emergency – Nonemergency Fleet Vehicle Allocation
- Washmill Lake Court Extension Project
- Risk Management: Fuel Spill at Halifax Transit
- Expenses: Mayor, Councillors, Senior Management and Staff, 2013-14
- Building Standards – Permits and Inspections
- Management of HRM's Reserve Funds

As noted by the MAG in the follow-up review report, "Since we have limited resources and must balance follow up of previous work with new audits, we decided to combine the key issues and recommendations from the nine reports into significant themes to follow up". As a result, 26 follow-up themes were identified in the nine reports. All seven themes in two of the reports listed above – three in Administration of Training Expenditures and four in HRFE Nonemergency Fleet Vehicle Allocation – were deemed by the MAG to be addressed. This leaves a total of 19 themes in the other seven reports, 9 of which are considered to be outstanding by the MAG. A summary of the reports and themes is included on Page 4 of the MAG report (Attachment A to this report).

In response to the Audit and Finance motion, staff have provided responses to the 9 outstanding themes from the 7 reports, including relevant background information, most recent updates, and time lines for completion where available. These detailed responses have been compiled in one document, which is appended to this report as Attachment B.

FINANCIAL IMPLICATIONS

There are no new financial implications related to the content of this report.

COMMUNITY ENGAGEMENT

Not applicable.

ATTACHMENTS

Attachment A - Municipal Auditor General report titled, "Follow-up Review: Reports Released from March 2014 – January 2016", released April 2018

Attachment B – HRM Responses to Auditor General Follow-up Review

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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