

**19.****CASH AND OTHER LOSSES****BACKGROUND**

**19.1** The Government of Nova Scotia Management Manual 200, Chapter 8 requires that departments, boards, or commissions immediately report any instances of loss of public money or public property to the Department of Finance, and to the Office of the Auditor General. Finance is responsible for establishing procedures to be followed for the reporting of any irregularities or losses.

**19.2** Section 9(1)(e) of the Auditor General Act requires that we report annually every case observed where there has been a deficiency or loss through fraud, default or mistake of any person. This chapter summarizes the losses identified by or reported to us.

**RESULTS IN BRIEF**

**19.3** The following summarizes our principal findings from our 1997 review.

- The losses reported to us for the year ended March 31, 1997 totaled \$293,415; consisting of cash losses of \$24,482, property losses estimated at \$314,535 and recoveries of \$45,602.
- Most, but not all, departments and crown agencies are complying on a timely basis with the loss reporting requirements of the Management Manual.
- As suggested in previous Reports, Finance has reviewed and clarified the policies and practices for the reporting of losses.

**SCOPE OF REVIEW**

**19.4** Our objective was to review the information provided by departments and agencies, and compile a summary listing of the cash and property losses reported to us for the year ended March 31, 1997.

**19.5** We sent letters to departments and crown agencies to confirm the completeness of the losses reported to us. In recognition of the fact that departments and agencies may be able to recover some of their losses, we asked that specific recoveries be reported as well. Further, we have performed no additional or specific audit procedures on the losses reported.

**19.6** This review did not consider the losses which resulted from write-offs of uncollectible receivables or advances approved annually by Executive Council.

**PRINCIPAL FINDINGS*****Losses Reported***

**19.7** The following is a summary of the cash and property losses for the year ended March 31, 1997 identified either as a result of our confirmation request or reported to us during the year. Certain of the losses reported represent the entity's estimated value of property lost or damaged.

<b>Departments Reporting Losses</b>	<b>Cash</b>	<b>Property</b>	<b>Recoveries</b>	<b>Total</b>
Transportation and Public Works	\$ -	\$ 93,336	\$ (10,200)	\$ 83,136
Community Services	12,354	1,600	(12,354)	1,600
Fisheries	-	3,765	-	3,765
Education and Culture	5,815	-	-	5,815
Environment	390	28,000	(16,629)	11,761
Health	9	5,164	-	5,173
Justice	204	4,200	-	4,404
Natural Resources	4,542	24,603	-	29,145
Business and Consumer Services	320	300	-	620
Housing and Municipal Affairs	731	14,000	-	14,731
Economic Development and Tourism	-	4,300	-	4,300
	<u>24,365</u>	<u>179,268</u>	<u>(39,183)</u>	<u>164,450</u>
<b>Crown Agencies Reporting Losses</b>				
Nova Scotia Hospital	117	700	-	817
Nova Scotia Liquor Commission	-	120,860	-	120,860
Workers' Compensation Board of Nova Scotia	-	2,448	-	2,448
Nova Scotia Legal Aid Commission	-	259	-	259
Sydney Steel Corporation	-	11,000	(6,419)	4,581
	<u>117</u>	<u>135,267</u>	<u>(6,419)</u>	<u>128,965</u>
<b>Total Reported</b>	<u>\$ 24,482</u>	<u>\$ 314,535</u>	<u>\$ (45,602)</u>	<u>\$ 293,415</u>

**19.8** The above table is not complete as not all departments and crown agencies have included values for property items which have been lost, damaged or destroyed. For example, the Department of Justice reported that, based on information in its fixed asset inventory system, 20 items have been misplaced, and there was no dollar value reported for those items. Justice is the only government entity reporting these types of losses, and we believe other entities should be required to do so. Further, the Nova Scotia Alcohol and Gaming Authority (NSAGA) reported the loss of a cellular phone, but did not provide information on the cost or estimated value of the lost item.

**19.9** In regards to the Nova Scotia Liquor Commission, it should be acknowledged that it is a retail organization and not a government department. As such, it is subject to different risks of losses. As a self-service retail organization, it is inevitable that some inventory shrinkage will occur. The property losses reported for the Nova Scotia Liquor Commission represent the cost of inventory stock losses from its retail and warehouse operations.

***Compliance with Reporting Requirements***

**19.10** All entities are not complying with the requirement to report losses on a timely basis to Finance and this Office. Failure by some entities to report consistently and on a timely basis restricts Finance's ability to ensure that necessary follow-up procedures are performed to determine the reason for a loss and whether appropriate corrective action has been taken.

**19.11** Subsequent to March 31, 1997, Finance took steps intended to support improved and more consistent compliance by departments and agencies with the defined policy and procedures. Finance also clarified the value to be used in reporting losses as the Management Manual does not specify this. Further, the internal audit division at Finance now investigates losses reported to determine whether steps have been taken to prevent such losses from occurring in the future.

**CONCLUDING REMARKS**

**19.12** None of the specific losses reported to us with respect to the 1996-97 fiscal year appear to be of such significance (i.e., due to the nature, circumstances or size of the losses) that they warrant further or special attention by this Office at this time. We will consider the results of the Department of Finance internal audit group's work on these reported losses as part of our 1998 review.

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