

**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 1998 review.

- The losses reported to us for the year ended March 31, 1998 totaled \$335,537; consisting of cash losses of \$10,787, property losses estimated at \$349,750 and recoveries of \$25,000.
- Overall the departments and crown agencies are not complying on a timely basis with the loss reporting requirements of the Management Manual.
- Entities that report throughout the year have been reporting to both the Office of the Auditor General and the Department of Finance.

**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, 1998.

**19.5** We sent letters to departments and crown agencies to confirm the completeness of the losses reported to us. 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, 1998 identified either as a result of our confirmation request or reported to us during the year.

Losses reported by the entities for property lost or damaged are determined on a historical cost, estimated market value or estimated replacement cost basis.

<b>Departments Reporting Losses</b>	<b>Cash</b>	<b>Property</b>	<b>Recoveries</b>	<b>Total</b>
Business and Consumer Services	\$ 414	\$ 8,797	\$ -	\$ 9,211
Communications Nova Scotia	-	800	-	800
Community Services	-	8,319	-	8,319
Economic Development and Tourism	520	2,832	-	3,352
Health	-	9,845	-	9,845
Housing and Municipal Affairs	-	3,600	-	3,600
Human Resources	-	3,223	-	3,223
Justice	1,065	300	-	1,365
Labour	200	8,047	-	8,247
Natural Resources	470	66,690	-	67,160
Transportation and Public Works	-	118,508	(25,000)	93,508
	<u>2,669</u>	<u>230,961</u>	<u>(25,000)</u>	<u>208,630</u>
<b>Crown Agencies Reporting Losses</b>				
InNOVAcorp	-	6,621	-	6,621
Nova Scotia Hospital	404	-	-	404
Nova Scotia Liquor Commission	7,647	104,745	-	112,392
Nova Scotia Review & Utility Board	-	7,223	-	7,223
Nova Scotia Sport & Recreation Commission	-	200	-	200
Office of the Speaker	67	-	-	67
	<u>8,118</u>	<u>118,789</u>	<u>-</u>	<u>126,907</u>
<b>Total Reported</b>	<u>\$ 10,787</u>	<u>\$ 349,750</u>	<u>\$ (25,000)</u>	<u>\$ 335,537</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, 66 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 Department of Labour gave loss values to two items it reported to Finance but did not include those values when it reported to our Office. As well, four other departments reported losses of specific items but did not provide information on the cost or estimated value of the lost items.

**19.9** With 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** Not all entities are 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** There were two losses with a total value of \$6,134 that were reported during this fiscal period that relate to the 1996-97 fiscal period. These items were not received on a timely basis and therefore were not included in that year's Cash and Other Losses report. They are not included in the above listing.

#### **CONCLUDING REMARKS**

**19.12** None of the specific losses reported to us with respect to the 1997-98 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 1999 review.

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