

15.**CASH AND OTHER LOSSES****BACKGROUND**

15.1 The Government of Nova Scotia Management Manual 200, Chapter 8 requires that departments, boards, or commissions 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.

15.2 Section 9A(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

15.3 The following summarizes the principal findings from our review.

- The losses reported to us for the year ended March 31, 2000 totaled \$578,187; consisting of cash losses of \$46,412, property losses estimated at \$750,065 and recoveries of \$218,290.
- Not all departments and crown agencies comply, on a timely basis, with the loss reporting requirements of the Management Manual.

SCOPE OF REVIEW

15.4 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, 2000. This review did not consider the losses which resulted from write-offs of uncollectible receivables or advances approved annually by Executive Council.

15.5 We sent letters to all departments and crown agencies to confirm the completeness of the losses reported to us. We have performed no additional or specific audit procedures on the losses reported.

PRINCIPAL FINDINGS***Losses Reported***

15.6 The following is a summary of the cash and property losses for the year ended March 31, 2000 identified either as a result of our confirmation request or reported to us during the year. Losses reported for property lost or damaged are determined by the entities on a historical cost, estimated market value or estimated replacement cost basis.

Departments Reporting Losses	Cash	Property	Recoveries	Total
Agriculture & Marketing	\$ -	\$ 14,140	\$ -	\$ 14,140
Business & Consumer Services	29,330	1,800	-	31,130
Community Services	60	1,150	-	1,210
Economic Development	-	6,000	-	6,000
Education	7,618	3,749	-	11,367
Environment	-	580	-	580
Health	-	200	-	200
Housing & Municipal Affairs	2,708	66,443	-	69,151
Justice	326	12,851	-	13,177
Labour	15	-	-	15
Natural Resources	74	47,466	(44,470)	3,070
Tourism & Culture	-	22,395	-	22,395
Transportation & Public Works	180	102,345	(53,627)	48,898
	<u>40,311</u>	<u>279,119</u>	<u>(98,097)</u>	<u>221,333</u>
Crown Agencies Reporting Losses				
Cape Breton Healthcare Complex	3,214	-	-	3,214
Highway 104 Western Alignment Corporation	-	94,606	(22,359)	72,247
Izaak Walton Killam Grace Health Centre	-	24,038	(10,164)	13,874
Northern Regional Health Board	-	28,874	(25,642)	3,232
Nova Scotia Community College	741	97,925	(48,544)	50,122
Nova Scotia Liquor Commission	2,146	119,970	-	122,116
Nova Scotia Legal Aid	-	1,984	(1,484)	500
Public Prosecution Service	-	4,000	-	4,000
Sydney Steel Corporation	-	95,380	(12,000)	83,380
Nova Scotia Utility & Review Board	-	4,169	-	4,169
	<u>6,101</u>	<u>470,946</u>	<u>(120,193)</u>	<u>356,854</u>
Total Reported	<u>\$ 46,412</u>	<u>\$ 750,065</u>	<u>\$(218,290)</u>	<u>\$ 578,187</u>

15.7 The above table is incomplete as not all departments and crown agencies have included values for property items which have been reported to us as lost, damaged or destroyed. For example, the Department of Justice reported that, based on information in its fixed asset inventory system, 136 items had been misplaced and there is no dollar value reported for those items. Similarly, the Department of Housing and Municipal Affairs reported one such item and the Department of Transportation and Public Works also has one such item. These are the only government entities reporting these types of losses and we believe all such entities should be required to do so.

15.8 Further, Regional School Boards reported property losses totaling \$75,470 and recoveries of \$28,289. They have been excluded from the above listing due to the fact that the Boards have their own insurance system.

15.9 With regards to the Nova Scotia Liquor Commission, it should be acknowledged that it is a retail organization. As such, it is subject to different risks of losses. The property losses reported for the Nova Scotia Liquor Commission represent the cost of inventory stock losses from its retail and warehouse operations. As a self-service retail organization, it is inevitable that some inventory shrinkage will occur.

Compliance with Reporting Requirements

15.10 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.

15.11 Recoveries with a total value of \$338,125 were reported by the Department of Tourism and Culture during this fiscal period that relate to the 1997-98 fiscal period. These items represent insurance proceeds received in 1999-2000, and not included in the above listing.

15.12 As stated above, losses are to be reported to both this Office and the Department of Finance. The Department of Finance provides this Office with a summary of the losses reported to it during the year. There were differences in both the number and value of the losses reported to the Department of Finance and those reported to this Office. For example, the following departments and agencies, reporting losses to this Office, either did not report losses to the Department of Finance or reported lesser amounts:

Agriculture and Marketing
Business and Consumer Services
Education
Justice
Natural Resources

CONCLUDING REMARKS

15.13 None of the specific losses reported to us with respect to the 2000-01 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 future reviews.
