

16.

CASH AND OTHER LOSSES

BACKGROUND

16.1 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.

16.2 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 by entities included as part of the Government Reporting Entity (see Appendix II for listing).

RESULTS IN BRIEF

16.3 The following summarizes the principal findings from our review.

- The losses reported to us for the year ended March 31, 2001 totaled \$560,139; consisting of cash losses of \$41,539, property losses estimated at \$817,296 and recoveries of \$298,695.
- Not all departments and crown agencies comply, on a timely basis, with the loss reporting requirements of the Management Manual.

SCOPE OF REVIEW

16.4 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, 2001. This review did not consider write-offs of uncollectible receivables or advances approved annually by Executive Council.

16.5 We sent letters to departments and other crown entities 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

16.6 The following is a summary of the cash and property losses for the year ended March 31, 2001 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 and Marketing	\$ -	\$ 20,212	\$ (14,450)	\$ 5,762
Business and Consumer Services	423	3,787	-	4,210
Community Services	-	4,934	(2,424)	2,510
Economic Development	50	4,200	-	4,250
Education	-	7,786	-	7,786
Finance	-	3,000	-	3,000
Health	-	3,571	-	3,571
Housing and Municipal Affairs	1,540	186,787	(180,500)	7,827
Justice	339	10,721	-	11,060
Labour	-	100	-	100
Natural Resources	-	7,366	(6,161)	1,205
Transportation and Public Works	-	98,305	-	98,305
Tourism and Culture	-	2,209	-	2,209
	<u>2,352</u>	<u>352,978</u>	<u>(203,535)</u>	<u>151,795</u>
Other Crown Entities Reporting Losses				
Highway 104 Western Alignment Corporation	-	16,625	(3,108)	13,517
Nova Scotia Liquor Commission	5,453	318,498	-	323,951
Sydney Steel Corporation	-	3,000	-	3,000
Advisory Council on the Status of Women	-	400	-	400
Art Gallery of Nova Scotia	-	1,013	-	1,013
Communications Nova Scotia	29,265	-	-	29,265
Council of Maritime Premiers	-	6,456	(3,956)	2,500
District Health Authority #4 (Colchester East Hants District Health Authority)	-	1,850	-	1,850
District Health Authority #5 (Cumberland Health Authority)	-	28,909	(27,909)	1,000
District Health Authority #6 (Pictou County District Health Authority)	-	19,477	(16,647)	2,830
District Health Authority #9 (Capital District Health Authority)	-	36,586	(28,874)	7,712
Izaak Walton Killam-Grace Health Centre	-	2,844	(11,266)	(8,422)
Nova Scotia Community College	1,316	28,660	(3,400)	26,576
Nova Scotia Utility and Review Board	26	-	-	26
Workers Compensation Board	3,127	-	-	3,127
	<u>39,187</u>	<u>464,318</u>	<u>(95,160)</u>	<u>408,345</u>
Total Reported	<u>\$ 41,539</u>	<u>\$ 817,296</u>	<u>\$ (298,695)</u>	<u>\$ 560,140</u>

16.7 Regional School Boards reported cash losses totaling \$32,000 and property losses totaling \$166,630. The Regional School Boards made no recoveries in the year ended March 31, 2001. They have been excluded from the above listing due to the fact that the Boards have their own insurance system.

16.8 With regard 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

16.9 Not all entities are complying with the requirement to report losses on a timely basis to the Department of 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.

16.10 As stated above, losses are to be reported to both this Office and the Department of Finance. 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 Finance and those reported to this Office. The following departments, reporting losses to this Office, either did not report losses to Finance or reported lesser amounts:

- Agriculture and Marketing
- Business and Consumer Services
- Community Services
- Education
- Health
- Housing and Municipal Affairs
- Natural Resources
- Tourism and Culture
- Transportation and Public Works

16.11 Of the other crown entities that reported losses to this Office, only two entities also reported losses to Finance, but the amounts reported to Finance were less than those reported to this Office.

CONCLUDING REMARKS

16.12 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.

OFFICE OF THE AUDITOR GENERAL